

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

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

**TEDDY MICHAEL PRATER, CPA, PLLC**  
724 Gifford Road  
Salyersville, KY 41465  
Telephone (606) 349-8042



<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT .....	1
POWELL COUNTY OFFICIALS .....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT .....	11
BUDGETARY COMPARISON SCHEDULES.....	25
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	37
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	40
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	41
SCHEDULE OF CAPITAL ASSETS.....	44
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	45
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> .....	48
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE.....	52
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	56
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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TEDDY MICHAEL PRATER, CPA, PLLC  
724 Gifford Road  
Salyersville, KY 41465  
Telephone (606) 349-8042

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable James Anderson, Jr., Powell County Judge/Executive  
Members of the Powell 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 Powell County Fiscal Court, for the year ended June 30, 2021, 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.

#### 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.

#### 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.

**To the People of Kentucky**

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**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (Continued)**

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 Powell 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 Powell 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 described in Note 1.

**Emphasis of Matter***Deficit Fund Balance*

As discussed in Note 10 to the financial statement, the Powell County Fiscal Court had a deficit balance in its jail fund of \$198,395 at June 30, 2021. The jail fund deficit was due to prior period transfers of restricted funds that have not been repaid. The financial statement does not include any adjustment for this fiscal year-end deficit. This matter does not affect our opinion on the financial statement.

**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 Powell County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards (supplementary information), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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**Other Matters (Continued)**

*Supplementary and Other Information (Continued)*

The accompanying Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, 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 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 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.

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

2021-001 Interfund Payables Result In A Deficit For The Jail Fund

Respectfully submitted,



Teddy Michael Prater, CPA, PLLC

September 30, 2022

**POWELL COUNTY OFFICIALS**

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

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

**Appointed Personnel:**

Connie Crabtree	County Treasurer
Kacey Davidson	Finance Officer/Payroll Clerk



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

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

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

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

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 2,700,896	\$ 25,266	\$	\$
In Lieu Tax Payments	31,473			
Excess Fees	114,334			
Licenses and Permits				
Intergovernmental	887,957	1,271,632	2,112,015	133,614
Charges for Services	287,622		15,025	
Miscellaneous	729,236	148,511	137,037	6,378
Interest	407	189	70	87
Total Receipts	<u>4,751,925</u>	<u>1,445,598</u>	<u>2,264,147</u>	<u>140,079</u>
<b>DISBURSEMENTS</b>				
General Government	1,272,312			18,168
Protection to Persons and Property	48,143		1,790,442	55,771
General Health and Sanitation	495,966		181,551	
Social Services	20,000			4,000
Recreation and Culture	1,874,495			5,000
Transportation Facility and Services		8,812		
Roads		1,852,213		81,165
Airports				16,931
Debt Service	106,649	650,059	538,493	20,195
Capital Projects				
Administration	650,086	216,125	533,941	11,203
Total Disbursements	<u>4,467,651</u>	<u>2,727,209</u>	<u>3,044,427</u>	<u>212,433</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>284,274</u>	<u>(1,281,611)</u>	<u>(780,280)</u>	<u>(72,354)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Borrowed Money		499,000		
Lease Proceeds	1,925,000	306,682		
Transfers From Other Funds	265,500	240,500	662,000	
Transfers To Other Funds	(1,582,858)	(240,500)		
Total Other Adjustments to Cash (Uses)	<u>607,642</u>	<u>805,682</u>	<u>662,000</u>	
Net Change in Fund Balance	891,916	(475,929)	(118,280)	(72,354)
Fund Balance - Beginning (restated)	492,284	570,869	172,913	292,314
Fund Balance - Ending	<u>\$ 1,384,200</u>	<u>\$ 94,940</u>	<u>\$ 54,633</u>	<u>\$ 219,960</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 1,395,688	\$ 98,448	\$ 100,923	\$ 223,627
Plus: Deposits In Transit	194	9,573		
Less: Outstanding Checks	(11,682)	(13,081)	(46,290)	(3,667)
Fund Balance - Ending	<u>\$ 1,384,200</u>	<u>\$ 94,940</u>	<u>\$ 54,633</u>	<u>\$ 219,960</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, 2021**  
**(Continued)**

<u>Budgeted Funds</u>				
<u>CSEPP Fund</u>	<u>Ambulance Fund</u>	<u>Forest Fire Fund</u>	<u>Grants Fund</u>	<u>CDBG Fund</u>
\$	\$	\$ 1,190	\$	\$
626,159	10,000 870,044 32,155 16		3,723	
<u>626,159</u>	<u>912,215</u>	<u>1,190</u>	<u>3,751</u>	
595,655	932,490	1,524	17,377	
	301,763		2,782	
<u>595,655</u>	<u>1,234,253</u>	<u>1,524</u>	<u>20,159</u>	
30,504	(322,038)	(334)	(16,408)	
27,096 (38,340)	389,074	400	16,500	
<u>(11,244)</u>	<u>389,074</u>	<u>400</u>	<u>16,500</u>	
19,260 91,546	67,036 10,856	66 54	92 54,351	9,651
<u>\$ 110,806</u>	<u>\$ 77,892</u>	<u>\$ 120</u>	<u>\$ 54,443</u>	<u>\$ 9,651</u>
\$ 143,383	\$ 91,048	\$ 120	\$ 58,544	\$ 9,651
<u>(32,577)</u>	<u>(13,156)</u>		<u>(4,101)</u>	
<u>\$ 110,806</u>	<u>\$ 77,892</u>	<u>\$ 120</u>	<u>\$ 54,443</u>	<u>\$ 9,651</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, 2021**  
**(Continued)**

	<u>Budgeted Funds</u>		
	<u>ABC Fund</u>	<u>Dispatch Fund</u>	<u>ARPA Fund</u>
<b>RECEIPTS</b>			
Taxes	\$	\$ 82,380	
In Lieu Tax Payments			
Excess Fees			
Licenses and Permits	179,588		
Intergovernmental		161,307	1,200,296
Charges for Services			
Miscellaneous		649	
Interest		7	
Total Receipts	<u>179,588</u>	<u>244,343</u>	<u>1,200,296</u>
<b>DISBURSEMENTS</b>			
General Government			
Protection to Persons and Property	205,521	355,250	
General Health and Sanitation			
Social Services			
Recreation and Culture			
Transportation Facility and Services			
Roads			
Airports			
Debt Service			
Capital Projects			
Administration	5,232	122,397	
Total Disbursements	<u>210,753</u>	<u>477,647</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(31,165)</u>	<u>(233,304)</u>	<u>1,200,296</u>
<b>Other Adjustments to Cash (Uses)</b>			
Borrowed Money			
Lease Proceeds			
Transfers From Other Funds		262,725	
Transfers To Other Funds		(2,097)	
Total Other Adjustments to Cash (Uses)		<u>260,628</u>	
Net Change in Fund Balance	(31,165)	27,324	1,200,296
Fund Balance - Beginning (restated)	62,642	(343)	
Fund Balance - Ending	<u>\$ 31,477</u>	<u>\$ 26,981</u>	<u>\$ 1,200,296</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 33,129	\$ 29,829	\$ 1,200,296
Deposits In Transit			
Less Outstanding Checks	<u>(1,652)</u>	<u>(2,848)</u>	
Ending Fund Balance	<u>\$ 31,477</u>	<u>\$ 26,981</u>	<u>\$ 1,200,296</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, 2021**  
**(Continued)**

<u>Unbudgeted Funds</u>			
Jail Commissary Fund	Jail Construction Fund	Energy Savings Project Fund	Total Funds
\$	\$	\$	\$ 2,809,732
			31,473
			114,334
			179,588
			6,406,703
			1,172,691
240,964	438,050	70,568	1,803,548
17	8	13	842
<u>240,981</u>	<u>438,058</u>	<u>70,581</u>	<u>12,518,911</u>
			1,290,480
			4,002,173
			677,517
			24,000
225,256			2,104,751
			8,812
			1,933,378
			16,931
	441,950	67,964	1,825,310
		578,191	578,191
	3,253		1,846,782
<u>225,256</u>	<u>445,203</u>	<u>646,155</u>	<u>14,308,325</u>
			1,290,480
			4,002,173
			677,517
			24,000
225,256			2,104,751
			8,812
			1,933,378
			16,931
	441,950	67,964	1,825,310
		578,191	578,191
	3,253		1,846,782
<u>225,256</u>	<u>445,203</u>	<u>646,155</u>	<u>14,308,325</u>
<u>15,725</u>	<u>(7,145)</u>	<u>(575,574)</u>	<u>(1,789,414)</u>
			499,000
			2,231,682
			1,863,795
			(1,863,795)
			2,730,682
15,725	(7,145)	(575,574)	941,268
5,134	157,077	599,722	2,519,070
<u>\$ 20,859</u>	<u>\$ 149,932</u>	<u>\$ 24,148</u>	<u>\$ 3,460,338</u>
\$ 20,859	\$ 149,932	\$ 24,148	\$ 3,579,625
			9,767
			(129,054)
<u>\$ 20,859</u>	<u>\$ 149,932</u>	<u>\$ 24,148</u>	<u>\$ 3,460,338</u>

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 ..... 11  
NOTE 2. DEPOSITS ..... 14  
NOTE 3. TRANSFERS ..... 14  
NOTE 4. CUSTODIAL FUNDS ..... 15  
NOTE 5. SHORT-TERM DEBT ..... 15  
NOTE 6. LONG-TERM DEBT ..... 16  
NOTE 7. EMPLOYEE RETIREMENT SYSTEM ..... 19  
NOTE 8. DEFERRED COMPENSATION ..... 22  
NOTE 9. INSURANCE ..... 22  
NOTE 10. DEFICIT FUND BALANCE – JAIL FUND ..... 22  
NOTE 11. PRIOR PERIOD ADJUSTMENTS ..... 22

**POWELL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2021**

**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 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.

**POWELL 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.

**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 receipts and disbursements of the ambulance service.

**Forest Fire Fund** - The primary purpose of this fund is to account for the taxes received and the related and disbursements of taxes 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 Control (ABC) Fund** - The primary purpose of this fund is to account for receipts and disbursements related to the sale of alcoholic beverages.

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

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

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

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

**Jail Construction Fund** - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund a jail construction project.

**Energy Savings Project Fund** - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund an energy savings project.



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

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Information**

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

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

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

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

The state local finance officer does not require the jail construction fund and the energy savings project fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from these funds annually.

**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, 2021**  
**(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, 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	Road Fund	CSEPP Fund	Dispatch Fund	Total Transfers In
General Fund	\$	\$ 240,500	\$ 25,000	\$	\$ 265,500
Road Fund	240,500				240,500
Jail Fund	662,000				662,000
CSEPP Fund	24,999			2,097	27,096
Ambulance Fund	381,800		7,274		389,074
Forest Fire Fund	400				400
Grants Fund	16,500				16,500
Dispatch Fund	256,659		6,066		262,725
<b>Total Transfers Out</b>	<b>\$ 1,582,858</b>	<b>\$ 240,500</b>	<b>\$ 38,340</b>	<b>\$ 2,097</b>	<b>\$ 1,863,795</b>

**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, 2021  
(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, 2021, was \$47,650.

**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. The principal balance outstanding as of June 30, 2021 is \$86,481.

**2. 2021 Promissory Note**

On February 22, 2021 the fiscal court entered into a promissory note with a local bank in the amount of \$499,000 to pay for emergency road projects. The agreement was for one year with an interest rate of 2.06%. In the event of default, the amount owed on the note becomes due and payable. This note was paid in full as of June 30, 2021.

**3. 2019 KACoLT Truck Lease**

On October 17, 2019, the fiscal court entered into a lease agreement, in the amount of \$144,922, with the Kentucky Association of Counties Leasing Trust (KACoLT) for the purchase of a mack truck. The lease agreement required monthly interest payments and one principal payment on May 20, 2021. The lease was paid in full as of June 30, 2021.

**B. Changes In Short-term Debt**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings	\$ 309,746	\$ 499,000	\$ 722,265	\$ 86,481	\$ 86,481
Total Short-term Debt	<u>\$ 309,746</u>	<u>\$ 499,000</u>	<u>\$ 722,265</u>	<u>\$ 86,481</u>	<u>\$ 86,481</u>

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

**Note 6. Long-term Debt**

**A. Direct Borrowings**

**1. KACoFC Revenue Bonds, 2016 First Series B**

On May 18, 2016, the fiscal court entered into a \$6,310,000 financing agreement related to the issuance of Kentucky Association of Counties Finance Corporation (KACoFC) Financing Program Revenue Bonds, 2016 First Series B 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. As of June 30, 2021, the principal balance outstanding is \$5,315,000. Future principal and interest payment requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 270,000	\$ 182,488
2023	280,000	170,813
2024	295,000	158,613
2025	305,000	145,875
2026	320,000	132,613
2027-2031	1,770,000	489,039
2032-2036	<u>2,075,000</u>	<u>177,664</u>
Totals	<u>\$ 5,315,000</u>	<u>\$ 1,457,105</u>

**2. KACoFC Revenue Bonds, 2017 First Series E**

On November 15, 2017, the fiscal court entered into a \$370,000 financing agreement related to the issuance of Kentucky Association of Counties Finance Corporation (KACoFC) Financing Program Revenue Bonds, 2017 First Series E 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, 2021, the principal balance outstanding is \$350,000. Future principal and interest payment requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 15,000	\$ 14,076
2023	15,000	13,289
2024	15,000	12,501
2025	15,000	11,714
2026	15,000	10,926
2027-2031	95,000	41,643
2032-2036	115,000	21,551
2037-2038	<u>50,000</u>	<u>2,519</u>
Totals	<u>\$ 335,000</u>	<u>\$ 128,219</u>

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

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings (Continued)**

**3. KACoFC Revenue Bonds, 2020 First Series A**

On March 10, 2020, the fiscal court entered into a \$1,110,000 financing agreement related to the issuance of Kentucky Association of Counties Finance Corporation (KACoFC) Financing Program Revenue Bonds, 2020 First Series A 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, 2021, the principal balance outstanding is \$1,070,000. Future principal and interest payment requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 40,000	\$ 28,968
2023	40,000	27,368
2024	45,000	25,668
2025	45,000	23,868
2026	50,000	21,968
2027-2031	270,000	81,090
2032-2036	310,000	47,140
2037-2040	270,000	13,543
Totals	<u>\$ 1,070,000</u>	<u>\$ 269,613</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, 2021, the principal balance outstanding is \$25,040. Future principal and interest payment requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 8,021	\$ 1,003
2023	8,342	682
2024	8,677	348
Totals	<u>\$ 25,040</u>	<u>\$ 2,033</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 fire truck. As of June 30, 2021, the principal balance outstanding is \$52,417. Future principal and interest payment requirements are:

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

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings (Continued)**

**5. Equipment Lease/Purchase (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 18,335	\$ 1,860
2023	19,155	1,039
2024	14,927	219
Totals	<u>\$ 52,417</u>	<u>\$ 3,118</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. Future principal and interest payment requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 65,000	\$ 52,268
2023	70,000	50,918
2024	70,000	48,468
2025	75,000	44,843
2026	80,000	40,968
2027-2031	460,000	151,415
2032-2036	520,000	97,022
2037-2041	585,000	38,359
Totals	<u>\$ 1,925,000</u>	<u>\$ 524,261</u>

**6. KACoLT Truck Lease**

On October 7, 2020, the fiscal court entered into a lease agreement, in the amount of \$306,682, with the Kentucky Association of Counties Leasing Trust (KACoLT) for the purchase of purchase of two (2) Mack trucks. The lease agreement requires monthly interest payments and one principal payment on May 20, 2021. In the event of default, the amount owed on the lease agreement becomes due and payable or KACoLT could initiate repossession of the Mack trucks. The principal balance outstanding as of June 30, 2021 is \$306,682.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 306,682	\$ 5,668
Totals	<u>\$ 306,682</u>	<u>\$ 5,668</u>

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

**Note 6. Long-term Debt (Continued)**

**B. Changes In Long-term Debt**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings	\$ 7,137,718	\$ 2,231,682	\$ 340,261	\$ 9,029,139	\$ 723,038
Total Long-term Debt	<u>\$ 7,137,718</u>	<u>\$ 2,231,682</u>	<u>\$ 340,261</u>	<u>\$ 9,029,139</u>	<u>\$ 723,038</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 Ending June 30	Direct Borrowings	
	Principal	Scheduled Interest
2022	\$ 723,038	\$ 286,331
2023	432,497	264,109
2024	448,604	245,817
2025	440,000	226,300
2026	465,000	206,475
2027-2031	2,595,000	763,187
2032-2036	3,020,000	343,377
2037-2041	905,000	54,421
Totals	<u>\$ 9,029,139</u>	<u>\$ 2,390,017</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 (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.

The county's contribution for FY 2019 was \$536,035, FY 2020 was \$783,692, and FY 2021 was \$837,288.

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.

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

**Note 7. Employee Retirement System (Continued)**

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier I

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 161.714 with exception of COLA and retiree health benefits after July 2003.



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

**Note 5. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

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

**C. Cost of Living Adjustments - Tier 1**

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

**D. Cost of Living Adjustments - Tier 2 and Tier 3**

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

**E. Death Benefit**

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS 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.

**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 Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS 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.

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

**Note 8. Deferred Compensation**

The Powell County Fiscal Court allows 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, 2<sup>nd</sup> Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

**Note 9. Insurance**

For the fiscal year ended June 30, 2021, 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. Deficit Fund Balance – Jail Fund**

As of June 30, 2021, the jail fund had a deficit balance of \$198,395. The jail fund deficit was due to prior period transfers of restricted funds that have not been repaid. The financial statement does not include any adjustment for this fiscal year-end deficit.

Cash Balance	\$ 54,633
Interfund Payables	<u>(253,028)</u>
Fund Balance	<u>\$ (198,395)</u>

**Note 11. Prior Period Adjustments**

The beginning balances of the following funds have been increased (decreased), by the respective amounts, to reflect prior year voided checks and to correct prior misstatements:

General	\$ (372)
Road	9,573
Jail	12
CSEPP	(5,177)
Ambulance	684
Grants	(9,574)
ABC	<u>(800)</u>
Total	<u>\$ (5,654)</u>

**POWELL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**

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

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

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Taxes	\$ 2,124,000	\$ 2,124,000	\$ 2,700,896	\$ 576,896
In Lieu Tax Payments	20,000	20,000	31,473	11,473
Excess Fees			114,334	114,334
Intergovernmental	165,750	906,987	887,957	(19,030)
Charges for Services	268,850	268,850	287,622	18,772
Miscellaneous	720,873	740,873	729,236	(11,637)
Interest	5,000	5,000	407	(4,593)
Total Receipts	<u>3,304,473</u>	<u>4,065,710</u>	<u>4,751,925</u>	<u>686,215</u>
<b>DISBURSEMENTS</b>				
General Government	1,311,962	1,598,504	1,272,312	326,192
Protection to Persons and Property	11,500	613,581	48,143	565,438
General Health and Sanitation	514,050	782,283	495,966	286,317
Social Services	123,521	123,521	20,000	103,521
Recreation and Culture		1,960,893	1,874,495	86,398
Debt Service	104,000	110,000	106,649	3,351
Administration	2,146,550	1,776,534	650,086	1,126,448
Total Disbursements	<u>4,211,583</u>	<u>6,965,316</u>	<u>4,467,651</u>	<u>2,497,665</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(907,110)</u>	<u>(2,899,606)</u>	<u>284,274</u>	<u>3,183,880</u>
<b>Other Adjustments to Cash (Uses)</b>				
Lease Proceeds	1,113,247	3,233,507	1,925,000	(1,308,507)
Transfers From Other Funds	167,366	167,366	265,500	98,134
Transfers To Other Funds	(643,503)	(643,503)	(1,582,858)	(939,355)
Total Other Adjustments to Cash (Uses)	<u>637,110</u>	<u>2,757,370</u>	<u>607,642</u>	<u>(2,149,728)</u>
Net Change in Fund Balance	(270,000)	(142,236)	891,916	1,034,152
Fund Balance - Beginning (restated)	<u>270,000</u>	<u>270,000</u>	<u>492,284</u>	<u>222,284</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 127,764</u>	<u>\$ 1,384,200</u>	<u>\$ 1,256,436</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 40,000	\$ 40,000	\$ 25,266	\$ (14,734)
Intergovernmental	1,785,854	1,785,854	1,271,632	(514,222)
Miscellaneous	11,000	11,000	148,511	137,511
Interest	7,500	7,500	189	(7,311)
Total Receipts	<u>1,844,354</u>	<u>1,844,354</u>	<u>1,445,598</u>	<u>(398,756)</u>
<b>DISBURSEMENTS</b>				
Transportation Facilities and Services	20,000	20,000	8,812	11,188
Roads	1,029,800	1,820,340	1,852,213	(31,873)
Debt Service		786,564	650,059	136,505
Capital Projects	4,500	4,500		4,500
Administration	1,105,717	278,592	216,125	62,467
Total Disbursements	<u>2,160,017</u>	<u>2,909,996</u>	<u>2,727,209</u>	<u>182,787</u>
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	<u>(315,663)</u>	<u>(1,065,642)</u>	<u>(1,281,611)</u>	<u>(215,969)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Borrowed Money		498,000	499,000	1,000
Lease Proceeds		285,647	306,682	21,035
Transfers From Other Funds			240,500	240,500
Transfers To Other Funds	<u>(167,366)</u>	<u>(167,366)</u>	<u>(240,500)</u>	<u>(73,134)</u>
Total Other Adjustments to Cash (Uses)	<u>(167,366)</u>	<u>616,281</u>	<u>805,682</u>	<u>189,401</u>
Net Change in Fund Balance	(483,029)	(449,361)	(475,929)	(26,568)
Fund Balance - Beginning (restated)	<u>483,029</u>	<u>483,029</u>	<u>570,869</u>	<u>87,840</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 33,668</u>	<u>\$ 94,940</u>	<u>\$ 61,272</u>

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

	<b>JAIL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,822,600	\$ 2,822,600	\$ 2,112,015	\$ (710,585)
Charges for Services	200	31,100	15,025	(16,075)
Interest	31,100	200	70	(130)
Miscellaneous	160,600	160,600	137,037	(23,563)
Total Receipts	<u>3,014,500</u>	<u>3,014,500</u>	<u>2,264,147</u>	<u>(750,353)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,809,716	1,832,160	1,790,442	41,718
General Health and Sanitation	210,244	372,533	181,551	190,982
Debt Service	632,100	538,593	538,493	100
Administration	460,890	546,519	533,941	12,578
Total Disbursements	<u>3,112,950</u>	<u>3,289,805</u>	<u>3,044,427</u>	<u>245,378</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(98,450)</u>	<u>(275,305)</u>	<u>(780,280)</u>	<u>(504,975)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	13,450	13,450	662,000	648,550
Total Other Adjustments to Cash (Uses)	<u>13,450</u>	<u>13,450</u>	<u>662,000</u>	<u>648,550</u>
Net Change in Fund Balance	(85,000)	(261,855)	(118,280)	143,575
Fund Balance - Beginning (restated)	<u>85,000</u>	<u>85,000</u>	<u>172,913</u>	<u>87,913</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (176,855)</u>	<u>\$ 54,633</u>	<u>\$ 231,488</u>

**POWELL 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		
<b>RECEIPTS</b>				
Intergovernmental	\$ 113,819	\$ 113,819	\$ 133,614	\$ 19,795
Miscellaneous	1,000	6,000	6,378	378
Interest	2,000	2,000	87	(1,913)
Total Receipts	116,819	121,819	140,079	18,260
<b>DISBURSEMENTS</b>				
General Government	18,407	19,407	18,168	1,239
Protection to Persons and Property	87,000	97,000	55,771	41,229
Social Services	5,000	5,000	4,000	1,000
Recreation and Culture	6,000	6,000	5,000	1,000
Roads	95,000	120,000	81,165	38,835
Airports	6,000	18,000	16,931	1,069
Debt Service		25,000	20,195	4,805
Administration	172,612	112,554	11,203	101,351
Total Disbursements	390,019	402,961	212,433	190,528
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(273,200)	(281,142)	(72,354)	208,788
Net Change in Fund Balance	(273,200)	(281,142)	(72,354)	208,788
Fund Balance - Beginning	273,200	273,200	292,314	19,114
Fund Balance - Ending	\$ 0	\$ (7,942)	\$ 219,960	\$ 227,902



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

	<b>CSEPP FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 686,150	\$ 686,150	\$ 626,159	\$ (59,991)
Total Receipts	<u>686,150</u>	<u>686,150</u>	<u>626,159</u>	<u>(59,991)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	686,150	698,986	595,655	103,331
Administration	25,000	12,164		12,164
Total Disbursements	<u>711,150</u>	<u>711,150</u>	<u>595,655</u>	<u>115,495</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>30,504</u>	<u>55,504</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			27,096	27,096
Transfers To Other Funds			(38,340)	(38,340)
Total Other Adjustments to Cash (Uses)			<u>(11,244)</u>	<u>(11,244)</u>
Net Change in Fund Balance	(25,000)	(25,000)	19,260	44,260
Fund Balance - Beginning (restated)	25,000	25,000	91,546	66,546
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 110,806</u>	<u>\$ 110,806</u>

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

	<b>AMBULANCE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	850,000	850,000	870,044	20,044
Miscellaneous		13,946	32,155	18,209
Interest	100	100	16	(84)
Total Receipts	<u>860,100</u>	<u>874,046</u>	<u>912,215</u>	<u>38,169</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	921,404	979,841	932,490	47,351
Administration	317,368	309,767	301,763	8,004
Total Disbursements	<u>1,238,772</u>	<u>1,289,608</u>	<u>1,234,253</u>	<u>55,355</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(378,672)</u>	<u>(415,562)</u>	<u>(322,038)</u>	<u>93,524</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	355,730	355,730	389,074	33,344
Total Other Adjustments to Cash (Uses)	<u>355,730</u>	<u>355,730</u>	<u>389,074</u>	<u>33,344</u>
Net Change in Fund Balance	(22,942)	(59,832)	67,036	126,868
Fund Balance - Beginning (restated)	<u>22,942</u>	<u>22,942</u>	<u>10,856</u>	<u>(12,086)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (36,890)</u>	<u>\$ 77,892</u>	<u>\$ 114,782</u>

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

	<b>FOREST FIRE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Taxes	\$ 1,150	\$ 1,150	\$ 1,190	\$ 40
Total Receipts	<u>1,150</u>	<u>1,150</u>	<u>1,190</u>	<u>40</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,550	1,550	1,524	26
Total Disbursements	<u>1,550</u>	<u>1,550</u>	<u>1,524</u>	<u>26</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(400)</u>	<u>(400)</u>	<u>(334)</u>	<u>66</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			400	400
Total Other Adjustments to Cash (Uses)			<u>400</u>	<u>400</u>
Net Change in Fund Balance	(400)	(400)	66	466
Fund Balance - Beginning	<u>400</u>	<u>400</u>	<u>54</u>	<u>(346)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 120</u>	<u>\$ 120</u>

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

	<b>GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 3,723	\$ (11,277)
Interest	60	60	28	(32)
Total Receipts	<u>15,060</u>	<u>15,060</u>	<u>3,751</u>	<u>(11,309)</u>
<b>DISBURSEMENTS</b>				
General Government	53,412	53,412	17,377	36,035
Recreation and Culture	39,188	39,188		39,188
Administration	7,340	7,340	2,782	4,558
Total Disbursements	<u>99,940</u>	<u>99,940</u>	<u>20,159</u>	<u>79,781</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(84,880)</u>	<u>(84,880)</u>	<u>(16,408)</u>	<u>68,472</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	39,006	39,006	16,500	(22,506)
Total Other Adjustments to Cash (Uses)	<u>39,006</u>	<u>39,006</u>	<u>16,500</u>	<u>(22,506)</u>
Net Change in Fund Balance	(45,874)	(45,874)	92	45,966
Fund Balance - Beginning (restated)	<u>45,874</u>	<u>45,874</u>	<u>54,351</u>	<u>8,477</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 54,443</u>	<u>\$ 54,443</u>

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

	<b>CDBG FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Total Receipts	\$	\$	\$	\$
<b>DISBURSEMENTS</b>				
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, 2021  
(Continued)**

	<b>ABC FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Licenses and Permits	\$ 128,000	\$ 128,000	\$ 179,588	\$ 51,588
Total Receipts	<u>128,000</u>	<u>128,000</u>	<u>179,588</u>	<u>51,588</u>
<b>DISBURSEMENTS</b>				
General Government	71,400	209,068	205,521	3,547
Administration	81,600	9,500	5,232	4,268
Total Disbursements	<u>153,000</u>	<u>218,568</u>	<u>210,753</u>	<u>7,815</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(25,000)</u>	<u>(90,568)</u>	<u>(31,165)</u>	<u>59,403</u>
Net Change in Fund Balance	(25,000)	(90,568)	(31,165)	59,403
Fund Balance - Beginning (restated)	<u>25,000</u>	<u>25,000</u>	<u>62,642</u>	<u>37,642</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (65,568)</u>	<u>\$ 31,477</u>	<u>\$ 97,045</u>

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

	<b>DISPATCH FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 91,000	\$ 91,000	\$ 82,380	\$ (8,620)
Intergovernmental	145,000	145,000	161,307	16,307
Miscellaneous			649	649
Interest	20	20	7	(13)
Total Receipts	<u>236,020</u>	<u>236,020</u>	<u>244,343</u>	<u>8,323</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	313,881	360,404	355,250	5,154
Administration	157,456	129,018	122,397	6,621
Total Disbursements	<u>471,337</u>	<u>489,422</u>	<u>477,647</u>	<u>11,775</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
	<u>(235,317)</u>	<u>(253,402)</u>	<u>(233,304)</u>	<u>20,098</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	235,317	235,317	262,725	27,408
Transfers To Other Funds			(2,097)	(2,097)
Total Other Adjustments to Cash (Uses)	<u>235,317</u>	<u>235,317</u>	<u>260,628</u>	<u>25,311</u>
Net Change in Fund Balance		(18,085)	27,324	45,409
Fund Balance - Beginning			(343)	(343)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (18,085)</u>	<u>\$ 26,981</u>	<u>\$ 45,066</u>

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

	<b>ARPA FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$		\$ 1,200,296	\$
Total Receipts		1,200,296	1,200,296	
<b>DISBURSEMENTS</b>				
Administration		1,200,296		1,200,296
Total Disbursements		1,200,296		1,200,296
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			1,200,296	1,200,296
Net Change in Fund Balance			1,200,296	1,200,296
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 1,200,296	\$ 1,200,296



**POWELL 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.

**Note 2. Budget Line Item Exceeded**

The line item for Road expenses in the Road Fund was \$31,873 more than was budgeted for that line item for the fiscal year.

**POWELL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2021**

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**POWELL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Treasury</u></b>				
<i>Passed-Through State Department For Local Government</i>				
COVID-19 - Coronavirus Relief Fund	21.019	C-165 C2-138	\$	\$ 420,777 142,251
<b>Total U.S. Department of Treasury</b>				<b>563,028</b>
<b><u>U. S. Department of Homeland Security</u></b>				
<i>Passed-Through State Department of Military Affairs</i>				
Community Assistance Program State Support Se	97.023	DR 4428	\$	\$ 23,183
Chemical Stockpile Emergency Preparedness Prog	97.040	n/a		595,655
Emergency Management Performance Grants	97.042	n/a		3,723
<b>Total U.S. Department of Homeland Security</b>				<b>622,561</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 0</b>	<b>\$ 1,185,589</b>

The accompanying notes are an integral part of this schedule

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

**June 30, 2021**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Powell County, Kentucky under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Powell County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Powell County, Kentucky.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

Powell County has not adopted an indirect cost rate.

**POWELL COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Other Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**

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**POWELL 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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land and Land Improvements	\$ 1,253,966	\$ 1,970,000	\$	\$ 3,223,966
Construction In Progress	538,210	578,191		1,116,401
Buildings	13,580,587			13,580,587
Vehicles and Equipment	5,409,314	730,789	220,809	5,919,294
Infrastructure	<u>6,663,981</u>	<u>619,782</u>		<u>7,283,763</u>
 Total Capital Assets	 <u>\$ 27,446,058</u>	 <u>\$ 3,898,762</u>	 <u>\$ 220,809</u>	 <u>\$ 31,124,011</u>



**POWELL 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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land and Land Improvements	\$ 12,500	10-60
Buildings	\$ 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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**TEDDY MICHAEL PRATER CPA, PLLC**  
724 Gifford Road  
Salyersville, KY 41465  
Telephone (606) 349-8042

The Honorable James Anderson, Jr., Powell County Judge/Executive  
Members of the Powell 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 Powell County Fiscal Court for the fiscal year ended June 30, 2021 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 September 30, 2022.

**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) to determine 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.

**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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

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)

**Views of Responsible Official and Planned Corrective Action**

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

**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,



Teddy Michael Prater CPA, PLLC

September 30, 2022

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

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**TEDDY MICHAEL PRATER CPA, PLLC**  
724 Gifford Road  
Salyersville, KY 41465  
Telephone (606) 349-8042

The Honorable James Anderson, Jr., Powell County Judge/Executive  
Members of the Powell County Fiscal Court

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

**Independent Auditor's Report**

**Report on Compliance for Each Major Federal Program**

We have audited the Powell County Fiscal Court's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Powell County Fiscal Court's major federal programs for the year ended June 30, 2021. The Powell County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Powell County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Powell County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Powell County Fiscal Court's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Powell County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



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

**Report on Internal Control over Compliance**

Management of the Powell County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Powell County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Powell County Fiscal Court's internal control over compliance.

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

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

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

Respectfully submitted,



Teddy Michael Prater CPA, PLLC

September 30, 2022

**POWELL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2021**

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

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

**Section I: Summary of Auditor's Results**

***Financial Statement***

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

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs [ <i>unmodified, qualified, adverse, or disclaimer</i> ]:		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 – Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

**Section II: Financial Statement Findings**

*State Laws And Regulations*

2021-001 Interfund Payables Result In A Deficit For The Jail Fund

This is a repeat finding and was included in the prior year audit report as finding 2020-001.

The fiscal court had a deficit fund balance of \$198,395 in the jail fund at June 30, 2021.

Cash Balance	\$	54,633
Interfund Payables		<u>(253,028)</u>
Fund Balance	\$	<u>(198,395)</u>

The jail fund deficit was due to prior period transfers of restricted funds that have not been repaid. In the past, the fiscal court transferred restricted money from the road fund to the jail fund.

<u>Due From</u>	<u>Due To</u>	<u>6/30/20 Balance</u>	<u>Increase/ (Decrease)</u>	<u>6/30/21 Balance</u>
Jail Fund	Road Fund	\$ 253,028	\$ 0	\$ 253,028

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 the fund liability be repaid as money becomes available.

Views of Responsible Official and Planned Corrective Action:

*This is a finding that existed prior to this administration or that of the current jailer. As stated in previous responses, this finding was researched by previous auditors and after tracing it back for several decades they finally gave up on finding when it occurred. If the jail ever reaches the black, we will start to repay the money owed.*

**Section III: Federal Award Findings And Questioned Costs**

None.

**Section IV: Summary Schedule of Prior Audit Findings**

2020-001 Interfund Payables Result In A Deficit For The Jail Fund – Unresolved

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
POWELL COUNTY FISCAL COURT  
For The Year Ended June 30, 2021**

Appendix A

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

For The Year Ended June 30, 2021

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.



County Judge/Executive



County Treasurer





