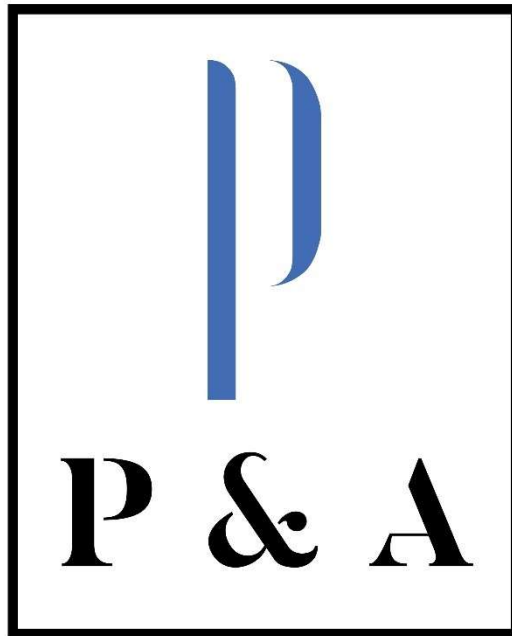


**REPORT OF THE AUDIT OF THE
SCOTT COUNTY
FISCAL COURT**

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



PATRICK & ASSOCIATES, LLC

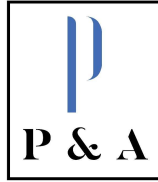
**124 Candlewood Drive
Winchester, KY 40391**

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Joe Pat Covington, Scott County Judge/Executive
Members of the Scott 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 Scott County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Scott County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Joe Pat Covington, Scott County Judge/Executive
Members of the Scott County Fiscal Court

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Scott 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 Scott 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.

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 Scott County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Capital Assets 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.

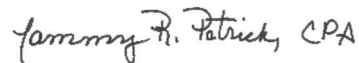
The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Joe Pat Covington, Scott County Judge/Executive
Members of the Scott County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2022 on our consideration of the Scott 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 Scott County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

October 21, 2022

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

Joe Pat Covington	County Judge/Executive
Rick Hostetler	Magistrate
Alvin Lyons	Magistrate
Chad Wallace	Magistrate
Kelly Corman	Magistrate
Dwayne Ellison	Magistrate
Bill Burke	Magistrate
David Livingston	Magistrate

Other Elected Officials:

Cameron Culbertson	County Attorney
Derran Broyles	Jailer
Rebecca Johnson	County Clerk
Tina Foster	Circuit Court Clerk
Tony Hampton	Sheriff
Tim Jenkins	Property Valuation Administrator
John Goble	Coroner

Appointed Personnel:

Michele Ray	County Treasurer
-------------	------------------

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

For The Year Ended June 30, 2021

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

For The Year Ended June 30, 2021

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 23,787,017	\$	\$	\$
Excess Fees	2,331,147			
Licenses and Permits	437,392			
Intergovernmental	2,809,059	1,144,080	369,973	123,648
Charges for Services	797,879		54,846	
Miscellaneous	4,956,451	624,180	40,095	
Interest	122,757	499		468
Total Receipts	<u>35,241,702</u>	<u>1,768,759</u>	<u>464,914</u>	<u>124,116</u>
DISBURSEMENTS				
General Government	8,088,102			
Protection to Persons and Property	9,102,869		2,324,355	
General Health and Sanitation	781,385			
Social Services	391,427		214,382	
Recreation and Culture	1,253,366			
Roads		2,975,825		232,215
Airports	80,000			
Capital Projects	56,968	100,000		
Administration	7,782,540	586,366	1,301,920	
Total Disbursements	<u>27,536,657</u>	<u>3,662,191</u>	<u>3,840,657</u>	<u>232,215</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>7,705,045</u>	<u>(1,893,432)</u>	<u>(3,375,743)</u>	<u>20,268,034</u>
Other Adjustments to Cash (Uses)				
Change In Payroll Account	36,567			
Transfers From Other Funds	1,632,806	1,806,334	3,309,387	
Transfers To Other Funds	(5,115,721)			
Total Other Adjustments to Cash (Uses)	<u>(3,446,348)</u>	<u>1,806,334</u>	<u>3,309,387</u>	
Net Change in Fund Balance	4,258,697	(87,098)	(66,356)	(108,099)
Fund Balance - Beginning	20,267,783	129,643	98,706	406,281
Fund Balance - Ending	<u>\$ 24,526,480</u>	<u>\$ 42,545</u>	<u>\$ 32,350</u>	<u>\$ 298,182</u>
Composition of Fund Balance				
Bank Balance	\$ 18,431,260	\$ 44,799	\$ 47,570	\$ 298,182
Less: Outstanding Checks	(183,309)	(2,254)	(15,220)	
Payroll Revolving Account	269,339			
Certificates of Deposit				
Investments	6,009,190			
Fund Balance - Ending	<u>\$ 24,526,480</u>	<u>\$ 42,545</u>	<u>\$ 32,350</u>	<u>\$ 298,182</u>

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

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

Budgeted Funds				Unbudgeted Fund	Internal Service Fund	
CARES Fund	American Recovery Protection Act Fund	McCracken Fund	Hospital Fund	Jail Commissary Fund	Total Funds	Self-Insurance Fund
\$	\$	\$	\$	\$	\$ 23,787,017	\$
					2,331,147	
					437,392	
1,632,806	5,536,179				11,615,745	
		10		128,822	5,749,558	2,990,763
	956	180	544		125,404	
<u>1,632,806</u>	<u>5,537,135</u>	<u>190</u>	<u>544</u>	<u>128,822</u>	<u>44,898,988</u>	<u>2,990,763</u>
					8,088,102	
					11,427,224	
					781,385	
					605,809	
				114,200	1,367,566	
					3,208,040	
					80,000	
					156,968	
		10			9,670,836	2,998,555
		10		114,200	35,385,930	2,998,555
<u>1,632,806</u>	<u>5,537,135</u>	<u>180</u>	<u>544</u>	<u>14,621</u>	<u>9,513,057</u>	<u>(7,791)</u>
					36,567	
					6,748,527	
<u>(1,632,806)</u>					<u>(6,748,527)</u>	
<u>(1,632,806)</u>					36,567	
	5,537,135	180	544	14,621	9,549,624	(7,791)
		92,349	385,459	78,084	21,458,305	11,927
<u>\$ 0</u>	<u>\$ 5,537,135</u>	<u>\$ 92,529</u>	<u>\$ 386,003</u>	<u>\$ 92,706</u>	<u>\$ 31,007,930</u>	<u>\$ 4,135</u>
\$	\$ 5,537,135	\$ 2,464	\$ 8,003	\$ 92,706	\$ 24,462,118	\$ 4,135
					(200,783)	
		90,065	378,000		269,339	
					468,065	
					6,009,190	
<u>\$ 0</u>	<u>\$ 5,537,135</u>	<u>\$ 92,529</u>	<u>\$ 386,003</u>	<u>\$ 92,706</u>	<u>\$ 31,007,930</u>	<u>\$ 4,135</u>

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

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**SCOTT COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Scott County includes all budgeted and unbudgeted funds under the control of the Scott 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.

SCOTT 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.

CARES Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund is grants from the federal government under the CARES Act.

American Recovery Protection Act Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund is grants from the federal government under the American Recovery Protection Act (ARPA).

McCracken Fund - The primary purpose of this fund is to pay for indigent care. The money in the fund is generated from a trust fund, in which only the interest can be spent, with one-third of the money going back into the trust fund.

Hospital Fund - The receipts for this fund are generated from certificates of deposit resulting from the sale of the old hospital. The interest earned from these CD's is used for indigent care and pauper funerals.

Unbudgeted Fund

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.

Internal Service Fund

Self-Insurance Fund - On January 1, 2018, the Scott County Fiscal Court (county) implemented a self-insured health plan which utilizes a third-party administrator to process claims. Under the plan, the fiscal court pays the cost of a single employee plan for all county employees, and collects employee premiums for child, spouse, or family level plans. The fiscal court then pays health insurance claims on a pay-as-you-go basis. The county uses a clearing account to deposit the premiums collected and to pay the fees and claims to the administrator.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

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. Scott County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Scott 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 Scott County Fiscal Court.

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Tax Abatements

GASB Statement No. 77 – The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public presently. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government’s financial position and economic condition.

Note 2. Deposits and Investments

A. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government’s deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

B. Investments

As of June 30, 2021, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Cash Equivalents	\$ 2,283,872	\$ 2,283,872	\$	\$	\$
Investments:					
Municipal Bonds (KY)	3,725,317	3,185,307	540,010		
Total Investments	<u>3,725,317</u>	<u>3,185,307</u>	<u>540,010</u>		
Total Fund Balance	<u>\$ 6,009,189</u>	<u>\$ 5,469,179</u>	<u>\$ 540,010</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$2,283,872 of certificates of deposit and \$3,725,317 of investments in securities held by the counterparties' trust departments in the fiscal court's name.

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

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine bonds;
- 3) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority;
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Credit Risk (Continued)

- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
- The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - The management company of the investment company shall have been in operation for at least five years; and
 - All of the securities in the mutual fund shall be eligible investments pursuant to this section;
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
- Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - Have a standard maturity of no more than ten years; and
 - Are rated in the three highest rating categories by at least two competent credit rating agencies.

The fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2021, the fiscal court does not have any investments in these categories.

The fiscal court's rated investments, as of June 30, 2021, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

Type	Standard & Poor's/Moody's Credit Ratings					Cost Basis
	AAA/Aaa	AA/Aa	A	WR	Unrated/NA	
Cash Equivalents	\$2,283,872	\$	\$	\$	\$	\$ 2,283,872
Investments:						
Municipal Bonds (KY)		3,725,317				3,725,317
Total Investments		3,725,317				3,725,317
Total Fund Balance	\$ 2,283,872	\$ 3,725,317	\$ 0	\$ 0	\$ 0	\$ 6,009,189

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk.

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

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

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

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2021.

	General Fund	CARES Fund	Total Transfers In
General Fund	\$	\$ 1,632,806	\$ 1,632,806
Road Fund	1,806,334		1,806,334
Jail Fund	3,309,387		3,309,387
Total Transfers Out	<u>\$ 5,115,721</u>	<u>\$ 1,632,806</u>	<u>\$ 6,748,527</u>

Reason for transfers:

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial 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 \$18,906.

Note 5. 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 \$3,210,677, FY 2020 was \$4,187,673, and FY 2021 was \$4,401,542.

Nonhazardous

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

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

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

Note 5. Employee Retirement System (Continued)

Nonhazardous (Continued)

The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

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

Hazardous

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

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

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

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

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

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

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

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

A. 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.

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

Note 11. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

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.

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

Note 6. Deferred Compensation

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

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

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

Note 7. Flexible Spending Account/Dependent Care Assistance Program

Effective January 1, 2020, the fiscal court established a health flexible spending arrangement (FSA) and a dependent care assistance program (DCAP) under a Section 125 cafeteria plan. The fiscal court contracted with a third-party administrator to act as the contract administrator to furnish administrative services for the plan. The FSA allows employees to elect to contribute money from each paycheck per IRS guidelines, before payroll taxes are calculated, to help pay for eligible medical expenses for themselves and their dependents.

All FSA funds must be spent by the end of the plan year or they are lost. Any unused funds up to a maximum of \$500, can be carried over from one plan year to the next. Participants get an extra two and a half months after the end of the plan year to use any leftover funds. The DCAP allows employees to make pre-tax contributions to the DCAP account. After paying for care and filing a claim, the employee receives reimbursement from the DCAP. Annual contribution amounts are subject to IRS limits. The amount in the employee's DCAP account as of the end of any plan year shall be forfeited and credited to the benefit plan surplus. Participants of the DCAP have ninety days after the end of each plan year to submit claims for reimbursement.

Note 8. Insurance

For the fiscal year ended June 30, 2021, the Scott 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.

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

Note 9. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to various entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Scott County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2021, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 10. Tax Abatement

A tax abatement as defined by the Governmental Accounting Standards Board (GASB) is a reduction in tax revenues that results from an agreement between one or more governments and an individual or an entity which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or citizens of those governments. Tax abatements do not include tax credits.

Toyota Motor Manufacturing - The occupational license tax was abated under the authority of the Kentucky Jobs Retention Act. Toyota Motor Manufacturing is eligible to receive this tax abatement due to this program providing incentives to eligible businesses which remain in the Commonwealth under KRS 154.25-010 to KRS 154.25-050. Scott County Fiscal Court agreed to forego the collection of one-half of the one percent of occupational license taxes that would otherwise be due to the County. Toyota Motor Manufacturing agreed to the following provisions: (1) creation of at least 570 new, full-time jobs for Kentucky residents over and above the current employment base of 6,169; (2) maintain the employment base and the newly created jobs for the full term of the agreement. For fiscal year ended June 30, 2021, Scott County Fiscal Court abated occupational license taxes totaling \$1,100,000.

Note 11. Payroll Revolving Account

The reconciled balance of the payroll revolving account, \$269,339 as of June 30, 2021, was added to the general fund cash balance for financial reporting purposes.

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

For The Year Ended June 30, 2021

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SCOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 14,350,000	\$ 14,350,000	\$ 23,787,017	\$ 9,437,017
Excess Fees	1,250,000	1,250,000	2,331,147	1,081,147
Licenses and Permits	448,375	448,375	437,392	(10,983)
Intergovernmental	2,630,600	8,166,780	2,809,059	(5,357,721)
Charges for Services	870,000	870,000	797,879	(72,121)
Miscellaneous	2,842,600	2,842,600	4,956,701	2,114,101
Interest	7,000	7,000	122,757	115,757
Total Receipts	<u>22,398,575</u>	<u>27,934,755</u>	<u>35,241,952</u>	<u>7,307,197</u>
DISBURSEMENTS				
General Government	7,944,178	8,585,837	8,088,102	497,735
Protection to Persons and Property	9,853,169	10,555,551	9,102,869	1,452,682
General Health and Sanitation	987,950	954,923	781,385	173,538
Social Services	377,020	396,270	391,427	4,843
Recreation and Culture	1,174,325	1,275,711	1,253,366	22,345
Airports	80,000	80,000	80,000	
Capital Projects	201,000	211,784	56,968	154,816
Administration	9,670,975	10,023,041	7,782,791	2,240,250
Total Disbursements	<u>30,288,617</u>	<u>32,083,117</u>	<u>27,536,908</u>	<u>4,546,209</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(7,890,042)</u>	<u>(4,148,362)</u>	<u>7,705,044</u>	<u>11,853,406</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		1,940,000	1,632,806	(307,194)
Transfers To Other Funds	<u>(5,530,552)</u>	<u>(11,066,732)</u>	<u>(5,115,721)</u>	<u>5,951,011</u>
Total Other Adjustments to Cash (Uses)	<u>(5,530,552)</u>	<u>(9,126,732)</u>	<u>(3,482,915)</u>	<u>5,643,817</u>
Net Change in Fund Balance	(13,420,594)	(13,275,094)	4,222,129	17,497,223
Fund Balance - Beginning	<u>13,420,594</u>	<u>13,420,594</u>	<u>20,267,783</u>	<u>6,847,189</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 145,500</u>	<u>\$ 24,489,912</u>	<u>\$ 24,344,412</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,062,268	\$ 1,137,615	\$ 1,144,080	\$ 6,465
Miscellaneous	100,200	610,200	624,180	13,980
Interest	700	700	499	(201)
Total Receipts	<u>1,163,168</u>	<u>1,748,515</u>	<u>1,768,759</u>	<u>20,244</u>
DISBURSEMENTS				
Roads	2,428,265	3,281,511	2,975,825	305,686
Capital Projects	120,000	120,000	100,000	20,000
Administration	972,500	704,601	586,366	118,235
Total Disbursements	<u>3,520,765</u>	<u>4,106,112</u>	<u>3,662,191</u>	<u>443,921</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,357,597)</u>	<u>(2,357,597)</u>	<u>(1,893,432)</u>	<u>464,165</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>2,357,597</u>	<u>2,357,597</u>	<u>1,806,334</u>	<u>(551,263)</u>
Total Other Adjustments to Cash (Uses)	<u>2,357,597</u>	<u>2,357,597</u>	<u>1,806,334</u>	<u>(551,263)</u>
Net Change in Fund Balance			(87,098)	(87,098)
Fund Balance - Beginning			<u>129,643</u>	<u>129,643</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,545</u>	<u>\$ 42,545</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 625,047	\$ 625,047	\$ 369,973	\$ (255,074)
Charges for Services	85,000	85,000	54,846	(30,154)
Miscellaneous	115,100	115,100	40,095	(75,005)
Total Receipts	<u>825,147</u>	<u>825,147</u>	<u>464,914</u>	<u>(360,233)</u>
DISBURSEMENTS				
Protection to Persons and Property	2,542,602	2,620,712	2,324,355	296,357
Social Services	276,500	294,500	214,382	80,118
Administration	1,179,000	1,327,096	1,301,920	25,176
Total Disbursements	<u>3,998,102</u>	<u>4,242,308</u>	<u>3,840,657</u>	<u>401,651</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,172,955)</u>	<u>(3,417,161)</u>	<u>(3,375,743)</u>	<u>41,418</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>3,172,955</u>	<u>3,172,955</u>	<u>3,309,387</u>	<u>136,432</u>
Total Other Adjustments to Cash (Uses)	<u>3,172,955</u>	<u>3,172,955</u>	<u>3,309,387</u>	<u>136,432</u>
Net Change in Fund Balance		(244,206)	(66,356)	177,850
Fund Balance - Beginning		<u>98,706</u>	<u>98,706</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (145,500)</u>	<u>\$ 32,350</u>	<u>\$ 177,850</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 123,648	\$ (26,352)
Interest	550	550	468	(82)
Total Receipts	<u>150,550</u>	<u>150,550</u>	<u>124,116</u>	<u>(26,434)</u>
DISBURSEMENTS				
Roads	180,000	233,000	232,215	785
Total Disbursements	<u>180,000</u>	<u>233,000</u>	<u>232,215</u>	<u>785</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(29,450)</u>	<u>(82,450)</u>	<u>(108,099)</u>	<u>(25,649)</u>
Net Change in Fund Balance	(29,450)	(82,450)	(108,099)	(25,649)
Fund Balance - Beginning	<u>29,450</u>	<u>82,450</u>	<u>406,281</u>	<u>323,831</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 298,182</u>	<u>\$ 298,182</u>

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

	CARES FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 1,940,769	\$ 1,632,806	\$ (307,963)
Total Receipts		1,940,769	1,632,806	(307,963)
DISBURSEMENTS				
Administration		769		769
Total Disbursements		769		769
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		1,940,000	1,632,806	(307,194)
Other Adjustments to Cash (Uses)				
Transfers To Other Funds		(1,940,000)	(1,632,806)	307,194
Total Other Adjustments to Cash (Uses)		(1,940,000)	(1,632,806)	307,194
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 0	\$ 0

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

	ARPA FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$	\$ 5,536,179	\$ 5,536,179
Interest			956	956
Total Receipts			<u>5,537,135</u>	<u>5,537,135</u>
DISBURSEMENTS				
Administration		5,536,180		5,536,180
Total Disbursements		<u>5,536,180</u>		<u>5,536,180</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(5,536,180)</u>	5,537,135	<u>11,073,315</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		5,536,180		(5,536,180)
Total Other Adjustments to Cash (Uses)		<u>5,536,180</u>		<u>(5,536,180)</u>
Net Change in Fund Balance			5,537,135	5,537,135
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 5,537,135	\$ 5,537,135

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

MCCRACKEN FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$	\$ 10	\$ 10
Interest	180	180	180	
Total Receipts	180	180	190	10
DISBURSEMENTS				
Social Services	2,000	2,000		2,000
Administration		10	10	
Total Disbursements	2,000	2,010	10	2,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
	(1,820)	(1,830)	180	2,010
Net Change in Fund Balance	(1,820)	(1,830)	180	2,010
Fund Balance - Beginning	1,820	1,830	92,349	90,519
Fund Balance - Ending	\$ 0	\$ 0	\$ 92,529	\$ 92,529

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

	HOSPITAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 1,010	\$ 1,010	\$ 544	\$ (466)
Total Receipts	<u>1,010</u>	<u>1,010</u>	<u>544</u>	<u>(466)</u>
DISBURSEMENTS				
Social Services	<u>2,000</u>	<u>2,000</u>		<u>2,000</u>
Total Disbursements	<u>2,000</u>	<u>2,000</u>		<u>2,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(990)</u>	<u>(990)</u>	<u>544</u>	<u>1,534</u>
Net Change in Fund Balance	(990)	(990)	544	1,534
Fund Balance - Beginning	<u>990</u>	<u>990</u>	<u>385,459</u>	<u>384,469</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 386,003</u>	<u>\$ 386,003</u>

SCOTT 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. Reconciliation of the General Fund

Total Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (3,482,915)
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u>(3,446,348)</u>
Payroll Revolving Account - Ending Balance	<u><u>\$ (36,567)</u></u>
Fund Balance - Ending - Budgetary Basis	\$ 24,489,913
Fund Balance - Ending - Regulatory Basis	<u>24,526,480</u>
Payroll Revolving Account - Ending Balance	<u><u>\$ (36,567)</u></u>

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

For The Year Ended June 30, 2021

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SCOTT COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2021

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 17,294,275	\$	\$	\$ 17,294,275
Buildings	34,916,812	8,678		34,925,490
Vehicles	10,069,016	700,403	7,037,102	3,732,317
Equipment	7,092,099	7,454,612	770,449	13,776,262
Infrastructure	35,719,746	3,438,132		39,157,878
 Total Capital Assets	 <u>\$ 105,091,948</u>	 <u>\$ 11,601,825</u>	 <u>\$ 7,807,551</u>	 <u>\$ 108,886,222</u>

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

June 30, 2021

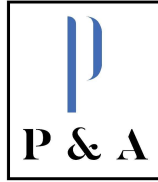
Note 1. Capital Assets

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 Improvements	\$ 5,000	20-25
Buildings and Building Improvements	\$ 5,000	10-60
Vehicles	\$ 5,000	3-12
Equipment	\$ 5,000	3-25
Infrastructure	\$ 5,000	20-40

**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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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

The Honorable Joe Pat Covington, Scott County Judge/Executive
Members of the Scott 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 Scott County Fiscal Court for the fiscal year ended June 30, 2021 and the related notes to the financial statement which collectively comprise the Scott County Fiscal Court's financial statement and have issued our report thereon dated October 21, 2022.

Internal Control Over Financial Reporting

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

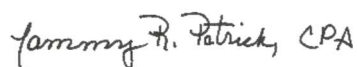
As part of obtaining reasonable assurance about whether the Scott County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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)

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 that reads "Tammy R. Patrick, CPA". The signature is written in a cursive style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

October 21, 2022

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

SCOTT COUNTY FISCAL COURT

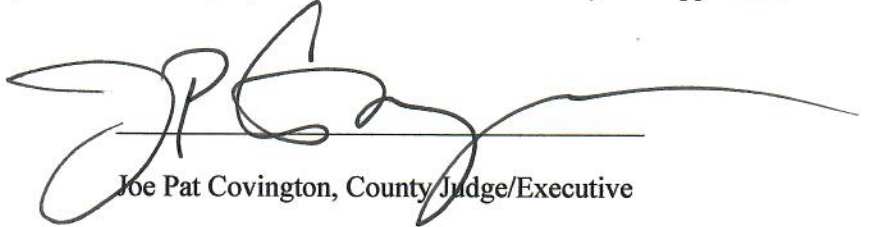
For The Year Ended June 30, 2021

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
SCOTT COUNTY FISCAL COURT

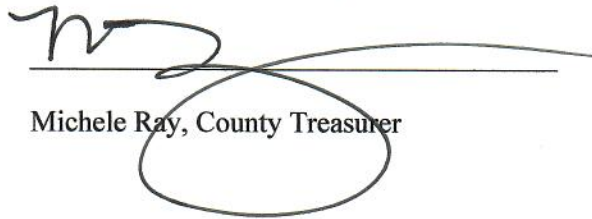
For The Year Ended June 30, 2021

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



A handwritten signature in black ink, appearing to read 'Joe Pat Covington', written over a horizontal line.

Joe Pat Covington, County Judge/Executive



A handwritten signature in black ink, appearing to read 'Michele Ray', written over a horizontal line.

Michele Ray, County Treasurer