

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

**For The Fiscal Year Ended
June 30, 2020**

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT.....	1
FLEMING COUNTY OFFICIALS.....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS	5
NOTES TO FINANCIAL STATEMENT	9
BUDGETARY COMPARISON SCHEDULES	23
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON SCHEDULES.....	32
SCHEDULE OF CAPITAL ASSETS	33
NOTES TO OTHER INFORMATION – SCHEDULE OF CAPITAL ASSETS	35
INDEPENDENT AUDITOR'S 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>	36
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM.....	39

Morgan and Associates, LLC

Brenda K. Morgan, CPA

749 Broadway Street
P.O. Box 428
West Liberty, KY 41472

Phone: (606) 743-1884
Fax: (606) 743-1895
www.bkmorgancpa.com

To the People of Kentucky
Honorable Andy Beshear, Governor
Holly McCoy-Johnson, Secretary
Finance and Administration Cabinet
Honorable Larry Foxworthy, Fleming County Judge/Executive
Members of the Fleming 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 Fleming County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Fleming 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
Honorable Andy Beshear, Governor
Holly McCoy-Johnson, Secretary
Finance and Administration Cabinet
Honorable Larry Foxworthy, Fleming County Judge/Executive
Members of the Fleming 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 Fleming 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 Fleming County Fiscal Court as of June 30, 2020, 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 Fleming County Fiscal Court as of June 30, 2020, 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 Fleming County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) and the Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

To the People of Kentucky
Honorable Andy Beshear, Governor
Holly McCoy-Johnson, Secretary
Finance and Administration Cabinet
Honorable Larry Foxworthy, Fleming County Judge/Executive
Members of the Fleming County Fiscal Court

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 June 24, 2021 on our consideration of the Fleming County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fleming County Fiscal Court's 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 Fleming County Fiscal Court's internal control over financial reporting and compliance.

Morgan and Associates, LLC

Morgan and Associates, LLC
West Liberty, Kentucky

June 24, 2021

FLEMING COUNTY OFFICIALS

For The Year Ended June 30, 2020

Fiscal Court Members:

Larry Foxworthy	County Judge/Executive
David Deatley	Magistrate
Chris Hickerson	Magistrate
Rickie Kielman	Magistrate
Ray Money	Magistrate
Donnie Fawns	Magistrate
James Smoot	Magistrate

Other Elected Officials:

Monica Hill	County Attorney
Tim Cooper	Jailer
Jarrod Fritz	County Clerk
Amy Saunders	Circuit Court Clerk
Gary Kinder	Sheriff
Michele Butler	Property Valuation Administrator
Winston Grannis	Coroner
Travis McGlone	County Surveyor

Appointed Personnel:

Kathryn Dryden	County Treasurer
Tammy Gray	Finance Officer

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

For The Year Ended June 30, 2020

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

For The Year Ended June 30, 2020

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 2,053,452	\$	\$
Excess Fees	153,173		
Licenses and Permits	28,946		
Intergovernmental	339,803	2,076,626	93,986
Charges for Services	100		14,611
Miscellaneous	443,052	18,674	5
Interest	7,191	4,396	39
Total Receipts	<u>3,025,717</u>	<u>2,099,696</u>	<u>108,641</u>
DISBURSEMENTS			
Current:			
General Government	1,029,451		
Protection to Persons and Property	174,968		443,281
General Health and Sanitation	23,691		
Social Services	8,249		
Recreation and Culture	90,185		
Transportation Services and Facilities		3,995	
Roads		1,996,769	
Airports			
Debt Service	25,668	33,641	
Administration	929,201	234,065	31,423
Total Disbursements	<u>2,281,413</u>	<u>2,268,470</u>	<u>474,704</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	744,304	(168,774)	(366,063)
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	275,000	973,682	362,000
Transfers To Other Funds	(1,135,682)	(525,000)	
Total Other Adjustments to Cash (Uses)	<u>(860,682)</u>	<u>448,682</u>	<u>362,000</u>
Net Change in Fund Balances	(116,378)	279,908	(4,063)
Fund Balances - Beginning	819,890	16,798	6,796
Fund Balances - Ending	<u>\$ 703,512</u>	<u>\$ 296,706</u>	<u>\$ 2,733</u>
Composition of Fund Balance			
Bank Balance	\$ 106,981	\$ 97,400	\$ 5,491
Less: Outstanding Checks	(31,250)	(8,865)	(2,758)
Money Market Funds	<u>627,781</u>	<u>208,171</u>	
Fund Balance - Ending	<u>\$ 703,512</u>	<u>\$ 296,706</u>	<u>\$ 2,733</u>

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

FLEMING COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2020
(Continued)

	Budgeted Funds		
	Local Government Economic Assistance Fund	Forest Fire Fund	Revolving Loan Fund
RECEIPTS			
Taxes	\$	\$ 1,223	\$
Excess Fees			
Licenses and Permits			
Intergovernmental	43,805		
Charges for Services		572	
Miscellaneous			
Interest	1,521	1	105
Total Receipts	45,326	1,796	105
DISBURSEMENTS			
Current:			
General Government			2,400
Protection to Persons and Property		1,480	
General Health and Sanitation			
Social Services			
Recreation and Culture			
Transportation Services and Facilities			
Roads			
Airports			7,500
Debt Service			
Administration			
Total Disbursements		1,480	9,900
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	45,326	316	(9,795)
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)			
Net Change in Fund Balances	45,326	316	(9,795)
Fund Balances - Beginning	108,911	62	16,334
Fund Balances - Ending	\$ 154,237	\$ 378	\$ 6,539
Composition of Fund Balance			
Bank Balance	\$ 38,011	\$ 378	\$ 566
Less: Outstanding Checks			
Money Market Funds	116,226		5,973
Fund Balance - Ending	\$ 154,237	\$ 378	\$ 6,539

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

FLEMING COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2020
(Continued)

	<u>Budgeted Funds</u>		<u>Unbudgeted Funds</u>	
	<u>Dispatch Fund</u>	<u>Capital Improvement Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$ 176,342	\$	\$	\$ 2,231,017
Excess Fees				153,173
Licenses and Permits				28,946
Intergovernmental	201,574		924,576	3,680,370
Charges for Services				15,283
Miscellaneous	257	11,327		473,315
Interest	1,408	15,800	1,978	32,439
Total Receipts	379,581	27,127	926,554	6,614,543
DISBURSEMENTS				
Current:				
General Government		23,102		1,054,953
Protection to Persons and Property	391,091			1,010,820
General Health and Sanitation				23,691
Social Services				8,249
Recreation and Culture				90,185
Transportation Services and Facilities				3,995
Roads				1,996,769
Airports				7,500
Debt Service			922,376	981,685
Administration	78,372		2,200	1,275,261
Total Disbursements	469,463	23,102	924,576	6,453,108
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(89,882)	4,025	1,978	161,435
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	50,000		250,000	1,910,682
Transfers To Other Funds			(250,000)	(1,910,682)
Total Other Adjustments to Cash (Uses)	50,000			
Net Change in Fund Balances	(39,882)	4,025	1,978	161,435
Fund Balances - Beginning	164,070	301,520	118,246	1,552,627
Fund Balances - Ending	\$ 124,188	\$ 305,545	\$ 120,224	\$ 1,714,062
Composition of Fund Balance				
Bank Balance	\$ 75,667	\$ 4,696	\$ 120,224	\$ 449,414
Less: Outstanding Checks		(1,211)		(44,084)
Money Market Funds	48,521	302,060		1,308,732
Fund Balance - Ending	\$ 124,188	\$ 305,545	\$ 120,224	\$ 1,714,062

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	10
NOTE 2.	DEPOSITS	13
NOTE 3.	TRANSFERS	13
NOTE 4.	LONG-TERM DEBT	13
NOTE 5.	EMPLOYEE RETIREMENT SYSTEM	18
NOTE 6.	DEFERRED COMPENSATION	21
NOTE 7.	SUBSEQUENT REVIEW	22
NOTE 8.	INSURANCE	22

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Fleming County includes all budgeted and unbudgeted funds under the control of Fleming 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 include non-fiduciary financial activities that are within the county's control. Unbudgeted funds may also include any corporation created under the provisions of KRS 58.180 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 *Government 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 statement, 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 and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) October 1, due at discount October 31, 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 source of receipts for this fund is state payments for truck licenses 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 government 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.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(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.

Forest Fire Fund - The primary purpose of this fund is to account for taxes collected on fire acres and remittance to the state.

Revolving Loan Fund - The primary purpose of this fund is to account for Community Development Block Grant (CDBG) proceeds that were repaid. The county can loan this recaptured money to businesses and they are subject to CDBG guidelines.

Dispatch Fund - The primary purpose of this fund is to account for the dispatch center expenses of the county. The primary sources of receipts for this fund are 911 taxes and surcharges.

Capital Improvement Fund - The primary purpose of this fund is to account for construction and maintenance costs involving county buildings or properties.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the financing and construction of major capital facilities. This fund handles the financial activities associated with the construction of the Judicial Center.

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 *Government 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 Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Fleming County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Fleming 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 statement are issued separately and individually and can be obtained from their respective administrative offices. These financial statement are not required to be included in the financial statement of Fleming 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 the following, including but not limited to, 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).

GASB Statement No. 72, Fair Value Measurement and Application, became effective in fiscal year 2016 which requires the measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques.

The carrying amount of the following financial instruments approximate fair value because of the short maturity of the instruments: cash equivalents.

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.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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 county 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. As of June 30, 2020, 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 KRS 41.240(4). As of June 30, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

	General Fund	Road Fund	Capital Improvements Fund	Total Transfers In
General Fund	\$	\$ 275,000	\$	\$ 275,000
Road Fund	723,682		250,000	973,682
Jail Fund	362,000			362,000
Dispatch Fund	50,000			50,000
Capital Improvements Fund		250,000		250,000
Total Transfers Out	<u>\$ 1,135,682</u>	<u>\$ 525,000</u>	<u>\$ 250,000</u>	<u>\$ 1,910,682</u>

Reason for transfers:

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

Note 4. Long-term Debt

1. Direct Borrowings and Direct Placements

A. Capital Lease – Dump Truck

On October 2, 2019, Fleming County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties for the purchase of a truck. The agreement is secured by the truck purchased. The agreement requires monthly principal and interest payments beginning November 20, 2019 with a 4.71% fixed interest rate to be paid in full October 2022.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

1. Direct Borrowings and Direct Placements (Continued)

A. Capital Lease – Dump Truck (Continued)

Upon the occurrence of an Event of Default, and as long as the Event of Default is continuing, Lessor may, at its option, exercise any one or more of the following remedies as to the Project, to whichever the Event of Default pertains: (a) Terminate the Lease Term and give notice to the Lessee to vacate or surrender the Project within 60 days from the date of such notice; (b) By written notice to Lessee, enter and take immediate possession of the Project; (c) Recover from the Lessee: (i) the Lease Payments which would otherwise have been payable hereunder during any period in which the Lessee continues to use, occupy or retain possession of the Project; and (ii) Lease Payments which would otherwise have been payable hereunder after the Lessee vacates or surrenders the Project during the remainder of the fiscal year in which such Event of Default occurs; (d) Sell or lease the Project or sublease it for the account of Lessee, holding Lessee liable for all Lease Payments and other payments due during the remaining Lease Term to the extent that such selling, leasing or subleasing fails to provide amounts which are sufficient to pay the remaining Lease Payments when due, with any proceeds of the sale of the Project being applied first to all past due Lease Payments and then to the portion of Lease Payments applicable to the Principal Component in inverse order of their due date; and (e) Exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law, subject to the limitations contained in this Lease with respect to the Lessee's obligations upon the occurrence of an Event of Nonappropriation; or proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach of this Lease or to rescind this Lease as to any or all of the Project, including, but not limited to, any one or more remedial steps available to secured parties under Article 9 of the UCC and which are otherwise accorded to Lessor by applicable law.

Lessee will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred and enforced the remedies set forth in this Section.

The principal balance of the agreement was \$74,222 as of June 30, 2020. Future principal and interest payments are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2021	\$ 31,013	\$ 2,506
2022	32,203	1,191
2023	11,006	96
Totals	<u>\$ 74,222</u>	<u>\$ 3,793</u>

B. Capital Lease – Sheriff's Vehicles

On July 18, 2018, Fleming County Fiscal Court entered into a lease agreement with US Bank for the purchase of a vehicle for the Sheriff's office. The agreement requires monthly interest and principal payments beginning August 18, 2018 with a 2.89% interest rate to be paid in full July 2021. The Sheriff's Office makes the debt service payments. The principal balance of the agreement was paid in full as of June 30, 2020

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

2. Other Debt

A. First Mortgage Revenue Bonds

On May 1, 2010, Fleming Public Properties Corporation issued first mortgage revenue bond anticipation notes in the amount of \$13,510,000. The proceeds of this issue were used to provide funding for financing of the Justice Center project. The notes were issued with a variable interest rate of 1 to 4.25 percent, with a retirement date of November 1, 2029. Semi-annual interest payments are due on November 1 and May 1 of each year and principal payments are due annually on November 1 of each year. Funding of the debt service is provided by a lease agreement with the Kentucky Administrative Office of the Courts. On October 20, 2016, these bonds were partially defeased with First Mortgage Refunding Revenue Bonds, Series 2016 (See Other Debt B).

Whenever any Event of Default has occurred and is continuing, the Lessor may (or upon direction of the Credit Facility Provider shall) or the Credit Facility Provider may, without any further demand or notice, take one or any combination of the following remedial steps: (a) terminate the Lease Term and give notice to the Lessee to vacate or surrender the Project within 60 days from the date of such notice; (b) sell or re-lease the Project or any portion thereof; (c) recover from the Lessee: (i) the Lease Rental Payments which would otherwise have been payable hereunder during any period in which the Lessee continues to use, occupy or retain possession of the Project; and (ii) Lease Rental Payments which would otherwise have been payable hereunder after the Lessee vacates or surrenders the Project during the remainder of the fiscal year in which such Event of Default occurs; or (d) take whatever action at law or inequity may appear necessary or desirable to enforce its rights in and to the Project under this Lease and any Collateral Documents (including, without limitation, the right to possession of the Project and the right to sell or re-lease or otherwise dispose of the Project in accordance with applicable law), subject, however, to the limitations contained in this Lease with respect to the Lessee's obligations upon the occurrence of an Event of Nonappropriation; and/or take whatever action at law or inequity may appear necessary or desirable to enforce performance by the Lessee of the applicable covenants and agreements of the Lessee under this Lease (subject, however, to the limitations thereon contained in this Lease) and to recover damages for the breach thereof.

No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given thereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient. If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach thereafter.

The Lessee will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by the Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred.

The Lessor and the Lessee agree, to the extent permitted by law, that in the case of a termination of the Lease Term by reason of an Event of Default, neither the Lessor nor the Lessee nor any one claiming through or under either of them will or will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of this Lease; and the Lessor and the Lessee, for themselves and all who may at any time claim through or under either of them, each hereby waives, to the full extent that it may lawfully do so, the benefit of all such laws.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

2. Other Debt (Continued)

A. First Mortgage Revenue Bonds (Continued)

In the event that the Lessee defaults under any of the provisions hereof and the Lessor, the Trustee or the Credit Facility Provider employs attorneys or incurs other expenses for the collection of Lease Rental Payments, or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will appropriate funds for and pay on demand therefore to the Lessor, the Trustee or the Credit Facility Provider, as applicable, the fees of such attorneys and such other expenses so incurred by the Lessor, the Trustee or the Credit Facility Provider, if applicable.

The outstanding principal balance as of June 30, 2020 is \$1,365,000. Future principal and interest payments are as follows:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Scheduled</u> <u>Interest and Fees</u>
2021	\$ 670,000	\$ 298,883
2022	695,000	272,935
Totals	<u>\$ 1,365,000</u>	<u>\$ 571,818</u>

B. First Mortgage Refunding Revenue Bonds, Series 2016 – Judicial Center

On October 20, 2016, Fleming County Public Properties Corporations issued first mortgage refunding revenue bonds, series 2016, in the amount of \$6,980,000. The proceeds of this issue were to pay off the first mortgage revenue bonds series 2009 (See Note 4A), which was for the construction of the judicial center. The bonds have interest rates ranging from 2.04 percent with a retirement date of November 1, 2018. They require interest payments to be made May and November each year beginning on May 1, 2018. Annual principal payments begin November 1, 2020.

In the event of default, the AOC shall elect not to renew this Lease at any time, or fail to pay the stipulated AOC Rentals, or the County shall elect not to renew this Lease at any time, or fail to pay the stipulated County Proportionate Share, then and in that event and upon any ensuing default in the payment of the principal of or interest on the Bonds, the Mortgage, as the case may be, shall be enforced, which enforcement may, under the terms of the Mortgage, include foreclosure of the liens created by the Mortgage and sale of the Project. No such sale or foreclosure, however, shall give rise to any right to a deficiency judgement against the County or the AOC or the Issuer in any sum, and until such sale the County may at any time, by payment of all costs of action and charges of the Trustee, and by discharge of principal of and interest on the Bonds, receive unencumbered fee simple title to the Project. In the event of any such enforcement by the Trustee (whether occasioned by the default of the AOC or the county or by the failure of the Issuer to apply the Use Allowance to the payment of the Bonds and interest) from the proceeds of any operation of the Project or foreclosure and sale of the Project by the Trustee there shall first be paid all expenses incident to said enforcement, as provided in the Mortgage, and thereafter the Bonds and interest then outstanding shall be paid and retired, and if there shall remain any excess after paying such expenses and the claims of Owners, the entire amount of such excess shall be paid over in cash to the County.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

2. Other Debt (Continued)

B. First Mortgage Refunding Revenue Bonds, Series 2016 – Judicial Center (Continued)

Notwithstanding the foregoing, as an alternative remedy, the Trustee is entitled to enter upon the premises, evict the AOC and the County and relet the Project under such terms and conditions as it deems prudent; the proceeds of such reletting to be applied to the payment of the principal and interest requirements on the Bonds.

The principal balance of the issue was \$6,915,000 as of June 30, 2020. Future principal and interest payments are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2021	\$ 115,000	\$ 142,306
2022	115,000	140,006
2023	835,000	130,506
2024	855,000	113,606
2025	870,000	96,356
2026-2030	4,125,000	201,078
Totals	<u>\$ 6,915,000</u>	<u>\$ 823,858</u>

3. Long-term Debt Maturity in the Aggregate

<u>Fiscal Year Ended June 30</u>	<u>Direct Borrowings and Direct Placements</u>		<u>Other Debt</u>	
	<u>Principal</u>	<u>Scheduled Interest</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2021	\$ 31,013	\$ 2,506	\$ 785,000	\$ 441,189
2022	32,203	1,191	810,000	412,941
2023	11,006	96	835,000	130,506
2024			855,000	113,606
2025-2029			870,000	96,356
2030			4,125,000	201,078
Totals	<u>\$ 74,222</u>	<u>\$ 3,793</u>	<u>\$ 8,280,000</u>	<u>\$ 1,395,676</u>

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

4. Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and					
Direct Placements	\$ 128,942	\$	\$ 54,720	\$ 74,222	\$ 31,013
Revenue Bonds	8,995,000		715,000	8,280,000	785,000
Total Long-term Debt	<u>\$ 9,123,942</u>	<u>\$ 0</u>	<u>\$ 769,720</u>	<u>\$ 8,354,222</u>	<u>\$ 816,013</u>

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 Public Pension Authority (KPPA). This is a cost sharing, multiple employer defined benefit pension plan that 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 the FY 2018 was \$336,992, the FY 2019 was \$380,461, and the FY 2020 was \$425,816.

Nonhazardous

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to be allocated as follows: five percent will go to the member's account and one percent will go to the KPPA 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 account. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute one 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 KPPA 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 four 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.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

Hazardous

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KPPA 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 eight percent of their annual creditable compensation and also contribute one 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 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.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage – Tier 1

CERS also 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%

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage – Tier 1 (Continued)

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 fifteen 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, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

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

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

Once members reach a minimum vesting period of 15 years, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. The dollar amount is subject to adjustment annually by 1.5%. 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% cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

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

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

Once members reach a minimum vesting period of 15 years, 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%. 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.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

D. Cost of Living Adjustments – Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KPPA 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%. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

E. Cost of Living Adjustments – Tier 2 and Tier 3

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

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KPPA will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for the benefit. Members with multiple accounts are entitled to only one death benefit.

KPPA Annual Financial Report and Proportionate Share Audit Report

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

KPPA also issues a proportionate share audit report that includes the 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 Schedule of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 6. Deferred Compensation

On February 24, 2000, Fleming 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 permits 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.

FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Deferred Compensation (Continued)

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 7. Subsequent Review

Subsequent events have been evaluated through June 24, 2021, which is the date the financial statement were available to be issued.

Note 8. Insurance

For the fiscal year ended June 30, 2020, Fleming County 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 a 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. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

GENERAL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,893,000	\$ 1,992,649	\$ 2,053,452	\$ 60,803
Excess Fees	122,350	145,523	153,173	7,650
Licenses and Permits	28,032	28,032	28,946	914
Intergovernmental	381,812	391,612	339,803	(51,809)
Charges for Services	125	125	100	(25)
Miscellaneous	335,788	411,931	443,052	31,121
Interest	8,450	8,450	7,191	(1,259)
Total Receipts	<u>2,769,557</u>	<u>2,978,322</u>	<u>3,025,717</u>	<u>47,395</u>
DISBURSEMENTS				
General Government	1,010,521	1,105,910	1,029,451	76,459
Protection to Persons and Property	160,173	187,450	174,968	12,482
General Health and Sanitation	35,125	35,125	23,691	11,434
Social Services	10,000	10,000	8,249	1,751
Recreation and Culture	94,313	98,498	90,185	8,313
Debt Service	11,847	11,847	25,668	(13,821)
Administration	1,134,759	1,336,563	929,201	407,362
Total Disbursements	<u>2,456,738</u>	<u>2,785,393</u>	<u>2,281,413</u>	<u>503,980</u>
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	312,819	192,929	744,304	551,375
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			275,000	275,000
Transfers To Other Funds	(1,012,819)	(1,012,819)	(1,135,682)	(122,863)
Total Other Adjustments to Cash (Uses)	<u>(1,012,819)</u>	<u>(1,012,819)</u>	<u>(860,682)</u>	<u>152,137</u>
Net Change in Fund Balances	(700,000)	(819,890)	(116,378)	703,512
Cash Balances and Cash Equivalents - Fund Balances - Beginning	<u>700,000</u>	<u>819,890</u>	<u>819,890</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 703,512</u>	<u>\$ 703,512</u>

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

ROAD FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,418,864	\$ 2,519,288	\$ 2,076,626	\$ (442,662)
Miscellaneous	12,000	21,279	18,674	(2,605)
Interest	3,500	3,500	4,396	896
Total Receipts	2,434,364	2,544,067	2,099,696	(444,371)
DISBURSEMENTS				
Transportation Facilities and Services	7,500	7,500	3,995	3,505
Roads	2,572,655	2,675,993	1,996,769	679,224
Debt Service	33,641	33,641	33,641	0
Administration	319,250	342,413	234,065	108,348
Total Disbursements	2,933,046	3,059,547	2,268,470	791,077
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(498,682)	(515,480)	(168,774)	346,706
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	498,682	498,682	973,682	475,000
Transfers To Other Funds			(525,000)	(525,000)
Total Other Adjustments to Cash (Uses)	498,682	498,682	448,682	(50,000)
Net Change in Fund Balances		(16,798)	279,908	296,706
Fund Balances - Beginning		16,798	16,798	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 296,706	\$ 296,706

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 107,500	\$ 107,500	\$ 93,986	\$ (13,514)
Charges for Services	20,000	20,000	14,611	(5,389)
Miscellaneous	100	100	5	(95)
Interest	25	25	39	14
Total Receipts	127,625	127,625	108,641	(18,984)
DISBURSEMENTS				
Protection to Persons and Property	583,262	585,949	443,281	142,668
Adminsitration	59,000	62,609	31,423	31,186
Total Disbursements	642,262	648,558	474,704	173,854
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(514,637)	(520,933)	(366,063)	154,870
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	514,137	514,137	362,000	(152,137)
Total Other Adjustments to Cash (Uses)	514,137	514,137	362,000	(152,137)
Net Change in Fund Balances	(500)	(6,796)	(4,063)	2,733
Fund Balances - Beginning	500	6,796	6,796	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 2,733	\$ 2,733

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 30,000	\$ 43,805	\$ 43,805	\$ 0
Miscellaneous	50	50		(50)
Interest	980	980	1,521	541
Total Receipts	31,030	44,835	45,326	491
DISBURSEMENTS				
Roads	25,000	25,000		25,000
Administration	61,030	78,746		78,746
Total Disbursements	86,030	103,746		103,746
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	(55,000)	(58,911)	45,326	104,237
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	(50,000)	(50,000)		50,000
Total Other Adjustments to Cash (Uses)	(50,000)	(50,000)		50,000
Net Change in Fund Balances	(105,000)	(108,911)	45,326	154,237
Fund Balances - Beginning	105,000	108,911	108,911	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 154,237	\$ 154,237

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

FOREST FIRE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,380	\$ 1,380	\$ 1,223	\$ (157)
Charges for Services	100	100	572	472
Interest			1	1
Total Receipts	1,480	1,480	1,796	316
DISBURSEMENTS				
Protection to Persons and Property	1,480	1,542	1,480	62
Total Disbursements	1,480	1,542	1,480	62
Net Change in Fund Balances		(62)	316	378
Fund Balances - Beginning		62	62	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 378	\$ 378

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

REVOLVING LOAN FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 20	\$ 20	\$	\$ (20)
Interest	135	135	105	(30)
Total Receipts	155	155	105	(50)
DISBURSEMENTS				
General Government	2,400	2,400	2,400	0
Airports	7,500	7,500	7,500	0
Administration	6,255	6,589		6,589
Total Disbursements	16,155	16,489	9,900	6,589
Net Change in Fund Balances	(16,000)	(16,334)	(9,795)	6,539
Fund Balances - Beginning	16,000	16,334	16,334	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 6,539	\$ 6,539

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

DISPATCH FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 155,000	\$ 155,000	\$ 176,342	\$ 21,342
Intergovernmental	210,000	210,000	201,574	(8,426)
Miscellaneous	1,000	1,000	257	(743)
Interest	800	800	1,408	608
Total Receipts	366,800	366,800	379,581	12,781
DISBURSEMENTS				
Protection to Persons and Property	415,478	434,045	391,091	42,954
Administration	101,822	147,325	78,372	68,953
Total Disbursements	517,300	581,370	469,463	111,907
Excess (Deficiency) of Receipts Over				
Adjustments to Cash (Uses)	(150,500)	(214,570)	(89,882)	124,688
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	50,000	50,000	50,000	0
Total Other Adjustments to Cash (Uses)	50,000	50,000	50,000	0
Net Change in Fund Balances	(100,500)	(164,570)	(39,882)	124,688
Fund Balances - Beginning	100,000	164,070	164,070	0
Fund Balances - Ending	\$ (500)	\$ (500)	\$ 124,188	\$ 124,688

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

CAPITAL IMPROVEMENTS FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 0	\$ 10,722	\$ 11,327	\$ 605
Interest	14,868	14,868	15,800	932
Total Receipts	14,868	25,590	27,127	1,537
DISBURSEMENTS				
General Government	16,000	29,103	23,102	6,001
Capital Projects	10,000	10,000		10,000
Administration	288,868	288,007		288,007
Total Disbursements	314,868	327,110	23,102	304,008
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(300,000)	(301,520)	4,025	305,545
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			250,000	250,000
Transfers To Other Funds			(250,000)	(250,000)
Total Other Adjustments to Cash (Uses)				0
Net Change in Fund Balances	(300,000)	(301,520)	4,025	305,545
Fund Balances - Beginning	300,000	301,520	301,520	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 305,545	\$ 305,545

FLEMING COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION – BUDGETARY COMPARISON SCHEDULES

June 30, 2020

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 *Government 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 fiscal court overspent the General Fund Debt Service line item.

FLEMING COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

FLEMING COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 2,162,873	\$	\$	\$ 2,162,873
Buildings	13,679,291			13,679,291
Vehicles	1,300,462	21,000	5,000	1,316,462
Equipment	1,473,280	146,201	130,816	1,488,665
Infrastructure	8,421,996	864,156		9,286,152
Total Capital Assets	<u>\$ 27,037,902</u>	<u>\$ 1,031,357</u>	<u>\$ 135,816</u>	<u>\$ 27,933,443</u>

**FLEMING COUNTY
NOTES TO OTHER
INFORMATION – SCHEDULE OF CAPITAL ASSETS**

June 30, 2020

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements		10-60
Buildings and Building Improvements		10-75
Machinery and Equipment		3-25
Vehicles		3-25
Infrastructure		10-50

**INDEPENDENT AUDITOR'S 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***

Morgan and Associates, LLC

Brenda K. Morgan, CPA

749 Broadway Street
P.O. Box 428
West Liberty, KY 41472

Phone: (606) 743-1884
Fax: (606) 743-1895
www.bkmorgancpa.com

The Honorable Larry Foxworthy, Fleming County Judge/Executive
Members of the Fleming County Fiscal Court

Independent Auditor's 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*

We have audited, in accordance with the 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 Fleming County Fiscal Court for the fiscal year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise Fleming County Fiscal Court's basic financial statement and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

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

**Independent Auditor's 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*
(Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fleming County Fiscal Court's financial statement is free from 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*.

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.

Morgan and Associates, LLC

Morgan and Associates, LLC
West Liberty, Kentucky

June 24, 2021

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

FLEMING COUNTY FISCAL COURT

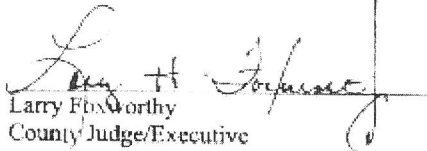
**For The Fiscal Year Ended
June 30, 2020**

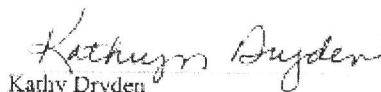
Appendix A

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

For The Fiscal Year Ended June 30, 2020

Fleming 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.


Larry Foxworthy
County Judge/Executive


Kathy Dryden
County Treasurer