

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

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



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

The enclosed report prepared by Kelley, Galloway, Smith, Goolsby, PSC, presents the financial statement of Boyd County, Kentucky, for the year ended June 30, 2021.

We engaged Kelley, Galloway, Smith, Goolsby, PSC, to perform the audit of this financial statement. We worked closely with the firm during our report review process; Kelley, Galloway, Smith, Goolsby, PSC, evaluated the Boyd County Fiscal Court's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

Enclosure



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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
BOYD COUNTY OFFICIALS	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT.....	10
BUDGETARY COMPARISON SCHEDULES.....	33
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	46
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	49
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	50
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>	53
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE	57
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	61
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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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 Boyd County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Boyd 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.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Boyd 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 Boyd 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 Boyd 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 Boyd County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards (supplementary information), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. The Budgetary Comparison Schedules have 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.

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Other Matters (Continued)

Supplementary and Other Information (Continued)

In our opinion, the Budgetary Comparison Schedules are fairly stated in all material respects in relation to the financial statement as a whole. Because of the absence of internal controls and failure of the county to ensure the Schedule of Expenditures of Federal Awards was prepared by someone knowledgeable of federal program requirements, as described in finding 2021-003, we do not express an opinion on whether the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

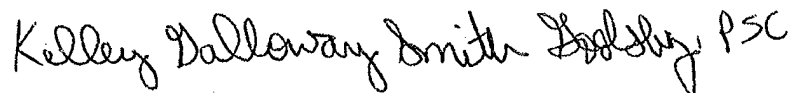
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022, on our consideration of the Boyd 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 Boyd County Fiscal Court's internal control over financial reporting and compliance.

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

- 2021-001 The Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated
- 2021-002 The Fourth Quarter Liabilities Journal Was Misstated
- 2021-003 The Schedule Of Expenditures Of Federal Awards (SEFA) Was Materially Misstated
- 2021-004 The Fiscal Court Does Not Have Adequate Internal Controls Over Federal Programs

Respectfully submitted,



Ashland, Kentucky

September 26, 2022

BOYD COUNTY OFFICIALS
For The Year Ended June 30, 2021

Fiscal Court Members:

Eric Chaney	County Judge/Executive
Keith Watts	Commissioner
Randy Stapleton	Commissioner
Larry Brown	Commissioner

Other Elected Officials:

Phillip Hedrick	County Attorney
William Hensley	Jailer
Kevin Johnston	County Clerk
Tracey Kelley	Circuit Court Clerk
Bobby Jack Woods	Sheriff
Charles Adkins	Property Valuation Administrator
Mark Hammond	Coroner

Appointed Personnel:

Patricia Ball	County Treasurer
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BOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2021

BOYD 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	\$ 11,317,498	\$	\$	\$
Excess Fees	3,667,429			
Licenses and Permits	96,643			
Intergovernmental	7,448,269	1,197,764	1,427,571	1,981
Charges for Services	27,588	78,824	148,144	
Miscellaneous	879,322	1,425	29,251	
Interest	1,640	258	124	92
Total Receipts	<u>23,438,389</u>	<u>1,278,271</u>	<u>1,605,090</u>	<u>2,073</u>
DISBURSEMENTS				
General Government	6,442,013	1,978		900
Protection to Persons and Property	487,966		3,411,606	
General Health and Sanitation	529,635			
Social Services				
Recreation and Culture	859,530			172
Roads		2,087,906		64,473
Airports				3,500
Debt Service	1,111,730			12,107
Capital Projects				39,412
Administration	4,375,622	410,249	914,196	
Total Disbursements	<u>13,806,496</u>	<u>2,500,133</u>	<u>4,325,802</u>	<u>120,564</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>9,631,893</u>	<u>(1,221,862)</u>	<u>(2,720,712)</u>	<u>(118,491)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	656,166			
Change In Payroll Revolving Account	45,856			
Transfers From Other Funds	311,464	1,190,000	2,618,000	
Transfers To Other Funds	(6,255,181)			
Total Other Adjustments to Cash (Uses)	<u>(5,241,695)</u>	<u>1,190,000</u>	<u>2,618,000</u>	
Net Change in Fund Balance	4,390,198	(31,862)	(102,712)	(118,491)
Fund Balance - Beginning	203,144	66,166	152,376	124,320
Fund Balance - Ending	<u>\$ 4,593,342</u>	<u>\$ 34,304</u>	<u>\$ 49,664</u>	<u>\$ 5,829</u>
Composition of Fund Balance				
Bank Balance	\$ 4,630,996	\$ 40,661	\$ 61,799	\$ 6,695
Less: Outstanding Checks	(37,654)	(6,357)	(12,135)	(866)
Fund Balance - Ending	<u>\$ 4,593,342</u>	<u>\$ 34,304</u>	<u>\$ 49,664</u>	<u>\$ 5,829</u>

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

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

Budgeted Funds							
Economic Development Fund	Special Projects Fund	Escrow Fund	Emergency Fund	Senior Center Fund	FEMA Fund	2019 Bond Fund	Line of Credit (LOC) Fund
\$	\$	\$	\$	\$	\$	\$	\$
					1,197,028		
110,797	85	465,108		998	318		
21	7	933	1,625			7	
110,818	92	466,041	1,625	998	1,197,346	7	
106,205		395,705			160,678		
			48		14,424		
				5,230			
					1,612,153		
						23,495	1,372,767
1,708							
107,913		395,705.00	48	5,230	1,787,255	23,495	1,372,767
2,905	92	70,336	1,577	(4,232)	(589,909)	(23,488)	(1,372,767)
							1,372,767
20,000		685,000	350,000	4,500			
(11,464)		(300,000)					
8,536		385,000	350,000	4,500			1,372,767
11,441	92	455,336	351,577	268	(589,909)	(23,488)	
9,835	4,327	97	865,116	(116)	607,766	23,492	98
\$ 21,276	\$ 4,419	\$ 455,433	\$ 1,216,693	\$ 152	\$ 17,857	\$ 4	\$ 98
\$ 28,655	\$ 4,419	\$ 455,433	\$ 1,216,693	\$ 665	\$ 17,857	\$ 4	\$ 98
(7,379)				(513)			
\$ 21,276	\$ 4,419	\$ 455,433	\$ 1,216,693	\$ 152	\$ 17,857	\$ 4	\$ 98

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

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

	<u>Budgeted Fund</u>		<u>Unbudgeted Funds</u>	
	<u>Sewer Fund</u>	<u>Capital Projects Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$	\$	\$	\$11,317,498
Excess Fees				3,667,429
Licenses and Permits				96,643
Intergovernmental		1,403,650		12,676,263
Charges for Services				254,556
Miscellaneous			563,168	2,050,472
Interest	6	1,126	113	5,952
Total Receipts	<u>6</u>	<u>1,404,776</u>	<u>563,281</u>	<u>30,068,813</u>
DISBURSEMENTS				
General Government				7,107,479
Protection to Persons and Property				3,914,044
General Health and Sanitation				529,635
Social Services				5,230
Recreation and Culture			426,690	1,286,392
Roads				2,152,379
Airports				3,500
Debt Service	551,094	2,141,495		5,428,579
Capital Projects				1,435,674
Administration	26	4,000		5,705,801
Total Disbursements	<u>551,120</u>	<u>2,145,495</u>	<u>426,690</u>	<u>27,568,713</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(551,114)</u>	<u>(740,719)</u>	<u>136,591</u>	<u>2,500,100</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				2,028,933
Change In Payroll Revolving Account				45,856
Transfers From Other Funds	551,094	836,587		6,566,645
Transfers To Other Funds				(6,566,645)
Total Other Adjustments to Cash (Uses)	<u>551,094</u>	<u>836,587</u>		<u>2,074,789</u>
Net Change in Fund Balance	(20)	95,868	136,591	4,574,889
Fund Balance - Beginning	<u>603</u>	<u>691,811</u>	<u>115,115</u>	<u>2,864,150</u>
Fund Balance - Ending	<u>\$ 583</u>	<u>\$ 787,679</u>	<u>\$ 251,706</u>	<u>\$ 7,439,039</u>
Composition of Fund Balance				
Bank Balance	\$ 583	\$ 787,679	\$ 259,277	\$ 7,511,514
Less: Outstanding Checks			(7,571)	(72,475)
Fund Balance - Ending	<u>\$ 583</u>	<u>\$ 787,679</u>	<u>\$ 251,706</u>	<u>\$ 7,439,039</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	10
NOTE 2.	DEPOSITS	14
NOTE 3.	TRANSFERS.....	15
NOTE 4.	CUSTODIAL FUNDS	15
NOTE 5.	LEASE AGREEMENT	16
NOTE 6.	LONG-TERM DEBT	16
NOTE 7.	EMPLOYEE RETIREMENT SYSTEM	26
NOTE 8.	DEFERRED COMPENSATION.....	29
NOTE 9.	HEALTH REIMBURSEMENT ACCOUNT	29
NOTE 10.	INSURANCE.....	29
NOTE 11.	PAYROLL REVOLVING ACCOUNT	29
NOTE 12.	CONDUIT DEBT.....	29

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

Sanitation District No. 4 would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they are no longer required components of the reporting entity.

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.

BOYD 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)

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.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants for coal hauling roads and related disbursements such as county road maintenance, industrial and economic development, public safety, and environmental protection. The primary sources of receipts for this fund are grants from the state and federal governments.

Economic Development Fund - Grant money was received into this fund to purchase land to build and maintain a community center. The primary sources of receipts for this fund are federal and state grants.

Special Projects Fund - The primary purpose of this fund is to account for major building projects around the county. The primary sources of receipts for this fund are federal and state grants.

Escrow Fund - The primary purpose of this fund is to reserve funds from net profit tax payments received from large companies in the county in the event that a company estimated incorrectly and is due a refund. The primary sources of receipts for this fund are net profit tax proceeds transferred from the general fund.

Emergency Fund - The primary purpose of this fund is to account for special projects, emergency repairs, and COVID-19 related expenses. The primary sources of receipts for this fund are 5% of occupational tax, as well as federal, state, and local grants.

Senior Center Fund - The primary purpose of this fund is to maintain a community senior center that also houses the KY Northeastern Action Agency that provides services for the senior citizens. The primary sources of receipts for this fund are through the rental of the agency and rental of the recreation room and transfers from the general fund.

FEMA Fund - The primary purpose of this fund is to account for the county's FEMA related projects that they get reimbursed on. The primary sources of receipts for this fund are federal and state grants.

2019 Bond Fund - The primary purpose of this fund is to account for the proceeds of the 2019 bond series and track its expenses. Once the money is spent, this fund will no longer exist. The primary sources of receipts for this fund are bond proceeds.

Line of Credit (LOC) Fund - The primary purpose of this fund is to advance fund road projects that are subsequently reimbursed by state and federal funds. The primary sources of receipts for this fund are line of credit proceeds.

BOYD 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)

Sewer Fund - The primary purpose of this fund is to account for financing for the construction of additional sewer lines and the debt service payments on debt incurred for the construction of sewer lines for the benefit of Sanitation District #4. The primary sources of receipts are transfers from the general fund. This debt was paid off after year-end, so this fund will no longer exist.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Capital Projects Fund - The primary purpose of this fund is to account for the financing and construction of major capital facilities. The primary sources of receipts for the fund are federal and state grants, space rental, and transfers from the general, road and jail funds. The Department for Local Government does not require the fiscal court to report or budget this 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.

D. Budgetary Information

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

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

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

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

The state local finance officer does not require the capital projects fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Boyd County Elected Officials

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the following are considered joint ventures of the Boyd County Fiscal Court:

- The Eastpark Industrial Park is disclosed as an organization jointly governed by the Kentucky counties of Boyd, Carter, Elliott, Greenup, and Lawrence.
- The Greenup/Boyd Riverport Authority is disclosed as an organization jointly governed by the Kentucky counties of Greenup and Boyd.
- The 911 Board (Regional Public Safety Communication Center) is jointly governed by Boyd County, and the cities of Ashland and Catlettsburg.
- The Airport Board (Ashland Regional Airport) is jointly governed by Boyd County, Greenup County, and the City of Ashland.

Note 2. Deposits

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

Custodial Credit Risk - Deposits

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

BOYD 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	Escrow Fund	Economic Development Fund	Total Transfers In
General Fund	\$	\$ 300,000	\$ 11,464	\$ 311,464
Road Fund	1,190,000			1,190,000
Jail Fund	2,618,000			2,618,000
Economic Development Fund	20,000			20,000
Emergency Fund	350,000			350,000
Escrow Fund	685,000			685,000
Sewer Fund	551,094			551,094
Senior Center Fund	4,500			4,500
Capital Projects Fund	836,587			836,587
	<u>\$ 6,255,181</u>	<u>\$ 300,000</u>	<u>\$ 11,464</u>	<u>\$ 6,566,645</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 funds:

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 \$40,694.

Inmate Bond Fund - This fund accounts for funds received from the inmates for bonds. The balance in the inmate bond fund as of June 30, 2021, was \$4,865.

Drug Court Funds - These funds account for Agency for Substance Abuse Policy (ASAP) funds that have been set aside for certain drug court programs by the KY-ASAP Tri-County Local Board. This funding is intended for residential treatment services to drug court participants. Boyd County Fiscal Court acts as fiscal agent by dispersing funds at the request of the Judge of the Boyd County Misdemeanor Drug Court to the residential treatment provider. Two bank accounts have been set up to account for these funds and the balances as of June 30, 2021, were \$12,102 and \$3,765.

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

Note 4. Custodial Funds (Continued)

Federal Prison Occupational Tax Fund - This fund accounts for the occupational tax withholdings of employees from the Ashland Federal Prison Institution. At the end of each month, the occupational tax coordinator issues a check to pay these withholdings to the general fund of the county. During the fiscal year, this account received from federal prison employees and paid to the general fund \$34,535 in occupational tax.

Note 5. Lease Agreement

On June 22, 2016, the Boyd County Fiscal Court entered into a lease agreement to lease several vehicles for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. The annual lease payments required under the leasing agreement at June 30, 2021, are as follows:

Fiscal Year Ended	
June 30	Amount
2022	\$ 69,535
2023	40,031
2024	40,031
2025	32,776
2026	<u>13,975</u>
Totals	<u>\$ 196,348</u>

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Boyd/Greenup Riverport Authority

On January 12, 2006, the Boyd County Fiscal Court entered into a direct borrowing on behalf of the Boyd/Greenup Riverport Authority. The agreement was for \$500,000 with a variable interest rate. The agreement has a term of 28 years with a maturity date of July 20, 2033. Interest payments are due monthly with one principal payment due on July 20th of each year. In order to secure all of its obligations hereunder, the fiscal court grants to the lessor a first and prior security interest in any and all right, title and interest of the project and agrees to deliver all certificates of title to evidence such security interest. If an event of default has occurred, the lessor of this direct borrowing may: (a) terminate the lease term and give notice to the fiscal court to vacate within 60 days of notice, (b) sell or re-lease the project, (c) recover from the fiscal court the lease rental payments which would otherwise have been payable, and (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law. The amount outstanding under this agreement was \$0 at June 30, 2021. This lease was paid off by the Greenup County Fiscal Court on July 6, 2020.

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. First Mortgage Refunding Revenue Bonds, Series 2016

On February 25, 2016, the Boyd County Capital Projects Corporation issued first mortgage refunding revenue bonds, series 2016, in the amount of \$11,040,000. The proceeds of this issue were to pay off the first mortgage revenue bonds, series 2007, which was for the construction of the judicial center. The bonds have an interest rate of 3 percent with a retirement date of August 1, 2027. They require interest payments to be made February and August each year beginning on August 1, 2016. Annual principal payments begin August 1, 2020. The bonds are secured by a foreclosable mortgage lien on the project. In the event of default, the mortgage shall be enforced, which may include foreclosure of the liens created by the mortgage and sale of the project. The outstanding principal at June 30, 2021, was \$8,830,000. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 1,155,000	\$ 247,575
2023	1,190,000	212,400
2024	1,220,000	178,750
2025	1,260,000	141,550
2026	1,295,000	103,225
2027-2028	<u>2,710,000</u>	<u>86,900</u>
	<u>\$ 8,830,000</u>	<u>\$ 970,400</u>

3. Jail Roof

On July 25, 2018, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$289,900 to put a new roof on the jail. The agreement has an interest rate of 3.10 percent. Principal and interest payments are due each year on December 3rd and will mature on July 25, 2021. There are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal or premium, if any, or interest on the lease. In the event of default, the lessor may (a) make all or any part of the amount owed immediately due, (b) use any and all remedies under state or federal law, and/or (c) make a claim for any insurance benefits that are available upon default. As of June 30, 2021, the direct borrowing was paid in full.

4. Mack Trucks

On December 5, 2019, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$291,844 to purchase two Mack trucks. The agreement has an interest rate of 3.50 percent. Interest payments are due monthly beginning on January 20, 2020 and ending on June 20, 2021. One principal payment is due on June 20, 2021. The loan is secured by the trucks being purchased. If an event of default has occurred, the lessor of this direct borrowing may: (a) terminate the lease term and give notice to the fiscal court to surrender the trucks within 60 days of notice, (b) sell or re-lease the trucks, (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights to the trucks. As of June 30, 2021, the direct borrowing was paid in full.

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

5. Backhoe

On September 3, 2019, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$71,560 to purchase a 2019 backhoe. The agreement has an interest rate of 3.80 percent. Principal and interest payments are due each year on December 3rd and will mature on December 3, 2024. The loan is secured by the backhoe being purchased. Upon the occurrence of an event of default, the lessor may (a) by written notice to lessee declare an amount equal to all amounts then due be immediately due and payable, (b) enter and take immediate possession of the backhoe, (c) sell or lease the backhoe, or (d) 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 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. The outstanding principal at June 30, 2021, was \$58,321. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 13,775	\$ 2,216
2023	14,299	1,693
2024	14,842	1,149
2025	15,405	587
	<u>\$ 58,321</u>	<u>\$ 5,645</u>

6. Freightliner

On September 30, 2020, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$133,180 to purchase a 2021 Freightliner truck. The agreement has an interest rate of 3.45 percent. Principal and interest payments are due each year on December 3rd and will mature on December 3, 2026. The loan is secured by the freightliner being purchased. Upon the occurrence of an event of default, the lessor may (a) by written notice to lessee declare an amount equal to all amounts then due be immediately due and payable, (b) enter and take immediate possession of the freightliner, (c) sell or lease the freightliner, or (d) 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 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. The outstanding principal at June 30, 2021, was \$116,044. Payments for the remaining years are as follows:

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

6. Freightliner (Continued)

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 17,739	\$ 4,004
2023	18,351	3,392
2024	18,985	2,758
2025	19,634	2,109
2026	20,317	1,426
2027	21,018	725
	<u>\$ 116,044</u>	<u>\$ 14,414</u>

7. Line of Credit

On January 23, 2021, the Boyd County Fiscal Court entered into a line of credit agreement not to exceed \$2,000,000. The purpose of this line of credit is to carry cost in relation to destruction and rehabilitation of Federal Emergency Management Agency (FEMA) properties until the county is reimbursed by FEMA of the United States Department of Homeland Security. Interest payments are due monthly on the 20th based on a payment schedule that is attached to the monthly invoice. The amounts on the payment schedule vary from month to month as additional draws are incurred. The interest rate on the line of credit is 3.25 percent, and it has to be paid in full by February 20, 2023. The line of credit is unsecured. If an event of default has occurred, the lessor of this direct borrowing may: (a) terminate the lease term and give notice to the fiscal court to vacate within 60 days of notice, (b) sell or re-lease the project, (c) recover from the fiscal court the lease rental payments which would otherwise have been payable, and (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law. As of June 30, 2021, unused funds in the amount of \$530,556 remain to be drawn down from the line of credit, and the outstanding principal was \$1,469,444. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$	\$ 39,346
2023	1,469,444	26,197
	<u>\$ 1,469,444</u>	<u>\$ 65,543</u>

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

8. Truck

On January 3, 2020, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$21,860 to purchase a truck. The agreement has an interest rate of 3.25 percent. Principal and interest payments are due monthly on the 3rd and will mature on January 3, 2024. The loan is secured by the truck being purchased. Upon the occurrence of an event of default, the lessor may (a) by written notice to lessee declare an amount equal to all amounts then due be immediately due and payable, (b) use any and all remedies under state or federal law or in any loan document, (c) make a claim for any and all insurance benefits or refunds that may be available, or (d) repossess the truck. The outstanding principal at June 30, 2021, was \$14,440. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 5,447	\$ 389
2023	5,626	209
2024	3,367	37
	\$ 14,440	\$ 635

9. Skid Steer

On November 12, 2020, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$60,500 to purchase a skid steer for the road department. The agreement has an interest rate of 3.95 percent. Principal and interest payments are due monthly beginning on November 12, 2020 and will mature on October 12, 2025. The skid steer, including the original title are the collateral given as security for the direct borrowing. In the event of default, the lessor may (a) make all or any part of the amount owed immediately due, (b) use any and all remedies under state or federal law, (c) make a claim for any insurance benefits that are available upon default, (d) require the return of the property (skid steer) to the nearest John Deere dealership. The outstanding principal at June 30, 2021, was \$52,940. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 11,426	\$ 1,886
2023	11,886	1,426
2024	12,364	948
2025	12,862	450
2026	4,402	54
	\$ 52,940	\$ 4,764

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

10. Trucks

On August 5, 2020, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$595,666 to refinance and purchase Mack trucks. The agreement has an interest rate of 3.65 percent. Interest payments are due monthly beginning on September 20, 2020 and ending on February 20, 2022. One principal payment is due on February 20, 2022. The loan is secured by the trucks. If an event of default has occurred, the lessor of this direct borrowing may: (a) terminate the lease term and give notice to the fiscal court to surrender the trucks within 60 days of notice, (b) sell or re-lease the trucks, (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights to the trucks. The outstanding principal at June 30, 2021, was \$595,666. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 595,666	\$ 14,477
	<u>\$ 595,666</u>	<u>\$ 14,477</u>

B. Other Debt

1. General Obligation Refunding Bonds, Series 2010 – Detention Center Improvements

On September 1, 2010, the Boyd County Fiscal Court issued general obligation refunding bonds, series 2010 in the amount of \$2,050,000. The proceeds of this issue were used to pay off a detention center project financing obligation. The bonds were issued with an average interest rate of 3.6% with a retirement date of June 1, 2033. Annual principal payments are due on December 1st of each year and semi-annual interest payments are due on June 1st and December 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding bond principal at June 30, 2021 was \$1,330,000. Bond payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 90,000	\$ 49,563
2023	90,000	46,750
2024	95,000	43,744
2025	100,000	40,200
2026	105,000	36,100
2027-2031	580,000	114,200
2032-2033	270,000	11,000
	<u>\$ 1,330,000</u>	<u>\$ 341,557</u>

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

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

2. General Obligation Refunding And Improvement Bonds, Series 2011 – Courthouse Renovation

On March 31, 2011, the Boyd County Fiscal Court issued general obligation public improvement bonds, series 2011, in the amount of \$2,700,000. The proceeds of this issue were used to pay a previous lease agreement in the amount of \$2,000,000 in full, with the remaining funds to be used to complete the repairs and renovation of the courthouse. The bonds were issued with an average interest rate of 2.7% with a retirement date of March 1, 2025. Annual principal payments are due on March 1st of each year and semi-annual interest payments are due on March 1st and September 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding bond principal at June 30, 2021 was \$220,000. Bond payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 50,000	\$ 8,150
2023	55,000	6,525
2024	55,000	4,463
2025	60,000	2,250
	<u>\$ 220,000</u>	<u>\$ 21,388</u>

3. General Obligation Refunding And Improvement Bonds, Series 2011B – Paramount Arts Center

On November 1, 2011, the Boyd County Fiscal Court issued general obligation refunding and improvement bonds, series 2011B, in the amount of \$2,130,000 for the initial funding of the Paramount Arts Center. The agreement has a variable interest rate ranging from 1.00 to 4.25% and a maturity date of May 1, 2031. Annual principal payments are due on May 1st of each year and semi-annual interest payments are due on May 1st and November 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding principal as of June 30, 2021 was \$1,230,000. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 105,000	\$ 47,775
2023	105,000	44,363
2024	110,000	40,950
2025	115,000	36,825
2026	120,000	32,513
2027-2031	675,000	86,214
	<u>\$ 1,230,000</u>	<u>\$ 288,640</u>

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

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

4. General Obligation Refunding Bonds, Series 2012A – Sewer Line Extension

On October 20, 2012, the Boyd County Fiscal Court issued general obligation refunding bonds, series 2012A in the amount of \$7,910,000. The proceeds of this issue were used to pay off a sewer line extension project debt in the amount of \$7,555,000. The bonds were issued with a variable interest rate ranging from 4.00% to 5.7%. The agreement has a term of twenty-two years with a maturity date of April 20, 2033. Annual principal payments are due on April 20th of each year and semi-annual interest payments are due on October 20th and April 20th of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding principal at June 30, 2021, was \$5,205,000. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 365,000	\$ 185,944
2023	370,000	174,994
2024	385,000	163,894
2025	395,000	151,381
2026	405,000	138,044
2027-2031	2,260,000	470,132
2032-2033	1,025,000	61,800
	<u>\$ 5,205,000</u>	<u>\$ 1,346,189</u>

5. General Obligation Refunding Bonds, Series 2014 – Jail, Road, Building & Courthouse

On April 1, 2014, the Boyd County Fiscal Court issued general obligation refunding bonds, series 2014, in the amount of \$4,055,000 for the refunding of general obligation public project refunding and improvement bonds, series 2004 and 2005, which were used to make improvements to the detention center and the road maintenance garage and to purchase a building adjacent to the courthouse for additional office space. The agreement has a variable interest rate ranging from 2.00% to 4.00% and a maturity date of March 1, 2035. Annual principal payments are due on March 1st of each year and semi-annual interest payments are due on March 1st and September 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding principal as of June 30, 2021 was \$2,540,000. Payments for the remaining years are as follows:

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

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

5. General Obligation Refunding Bonds, Series 2014 – Jail, Road, Building & Courthouse (Continued)

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 230,000	\$ 92,950
2023	240,000	86,050
2024	255,000	78,850
2025	140,000	71,200
2026	140,000	66,300
2027-2031	785,000	209,800
2032-2035	750,000	113,400
	<u>\$ 2,540,000</u>	<u>\$ 718,550</u>

6. General Obligation Refunding Bonds, Series 2015 – Jail Pedway

On March 11, 2015, the Boyd County Fiscal Court issued general obligation refunding bonds, series 2015, in the amount of \$1,890,000. The proceeds of this issue were used to pay off jail pedway debt in the amount of \$1,645,000. The bonds were issued with a variable interest rate ranging from 2.00% to 3.5%. The agreement has a term of 21 years with a maturity date of May 1, 2036. Annual principal payments are due on May 1st of each year and semi-annual interest payments are due on November 1st and May 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding principal at June 30, 2021 was \$1,400,000. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 75,000	\$ 45,108
2023	80,000	42,858
2024	80,000	40,458
2025	80,000	38,058
2026	85,000	35,658
2027-2031	460,000	137,542
2032-2036	540,000	57,495
	<u>\$ 1,400,000</u>	<u>\$ 397,177</u>

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

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

7. General Obligation Bonds, Series 2020 - Improvements

On August 8, 2019, the Boyd County Fiscal Court issued general obligation bonds, series 2019 in the amount of \$2,100,000. The proceeds of this issue were used to finance the cost of acquiring, constructing, installing, and equipping: (a) improvements and energy improvements to the detention facility, (b) upgrades to the courthouse, and (c) upgrades to operational equipment. The bonds were issued with a variable interest rate ranging from 2.50% to 3.00% with a retirement date of December 1, 2044. Annual principal payments are due on December 1st of each year and semi-annual interest payments are due on June 1st and December 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding bond principal at June 30, 2021 was \$2,040,000. Bond payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2022	\$ 60,000	\$ 55,750
2023	65,000	54,188
2024	65,000	52,563
2025	65,000	50,938
2026	70,000	49,250
2027-2031	370,000	219,376
2032-2036	420,000	168,925
2037-2041	485,000	103,425
2042-2045	440,000	26,850
	<u>\$ 2,040,000</u>	<u>\$ 781,265</u>

C. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 2,426,116	\$ 2,028,933	\$ 2,148,194	\$ 2,306,855	\$ 644,053
Other Debt	24,875,000		2,080,000	22,795,000	2,130,000
Total Long-term Debt	<u>\$ 27,301,116</u>	<u>\$ 2,028,933</u>	<u>\$ 4,228,194</u>	<u>\$ 25,101,855</u>	<u>\$ 2,774,053</u>

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

Note 6. Long-term Debt (Continued)

D. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 2,130,000	\$ 732,815	\$ 644,053	\$ 62,318
2023	2,195,000	668,128	1,519,606	32,917
2024	2,265,000	603,672	49,558	4,892
2025	2,215,000	532,402	47,901	3,146
2026	2,220,000	461,090	24,719	1,480
2027-2031	7,840,000	1,324,164	21,018	725
2032-2036	3,005,000	412,620		
2037-2041	485,000	103,425		
2042-2045	440,000	26,850		
Totals	<u>\$ 22,795,000</u>	<u>\$ 4,865,166</u>	<u>\$ 2,306,855</u>	<u>\$ 105,478</u>

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The county's contribution for FY 2019 was \$1,294,779, FY 2020 was \$1,751,822, and FY 2021 was \$1,879,979.

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.

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

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Benefits are covered under KRS 161.714.

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

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

Tier 2 member benefits are covered by KRS 161.714. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

KRS Annual Financial Report and Proportionate Share Audit Report

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

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

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

Note 8. Deferred Compensation

The Boyd 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 9. Health Reimbursement Account

The fiscal court has set up a health reimbursement account (HRA) account for employees to participate in for their health care needs, such as paying for doctor visits and prescriptions up to their insurance deductible amount. It is handled by a third party administrator. The fiscal court contributes \$500 for each employee to offset their medical expenses.

Note 10. Insurance

For the fiscal year ended June 30, 2021, the Boyd County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Payroll Revolving Account

The change in the payroll revolving account as of June 30, 2021, in the amount of \$45,856 was added to the general fund cash balance for financial reporting purposes.

Note 12. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to 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 Boyd 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.

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BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

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BOYD 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	\$ 10,432,387	\$ 11,561,331	\$ 11,317,498	\$ (243,833)
Excess Fees	3,707,430	3,707,430	3,667,429	(40,001)
Licenses and Permits	87,750	102,767	96,643	(6,124)
Intergovernmental	902,518	7,515,704	7,448,269	(67,435)
Charges for Services	44,500	57,302	27,588	(29,714)
Miscellaneous	681,440	820,433	879,322	58,889
Interest	2,000	2,000	1,640	(360)
Total Receipts	<u>15,858,025</u>	<u>23,766,967</u>	<u>23,438,389</u>	<u>(328,578)</u>
DISBURSEMENTS				
General Government	5,738,952	6,827,416	6,442,013	385,403
Protection to Persons and Property	472,262	618,484	487,966	130,518
General Health and Sanitation	242,650	250,187	529,635	(279,448)
Recreation and Culture	782,738	1,116,374	859,530	256,844
Debt Service	1,486,440	1,805,506	1,111,730	693,776
Administration	3,656,217	7,501,315	4,375,622	3,125,693
Total Disbursements	<u>12,379,259</u>	<u>18,119,282</u>	<u>13,806,496</u>	<u>4,312,786</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>3,478,766</u>	<u>5,647,685</u>	<u>9,631,893</u>	<u>3,984,208</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			656,166	656,166.00
Transfers From Other Funds			311,464	311,464
Transfers To Other Funds	(3,978,766)	(3,978,766)	(6,255,181)	(2,276,415)
Total Other Adjustments to Cash (Uses)	<u>(3,978,766)</u>	<u>(3,978,766)</u>	<u>(5,287,551)</u>	<u>(1,308,785)</u>
Net Change in Fund Balance	(500,000)	1,668,919	4,344,342	2,675,423
Fund Balance - Beginning	<u>500,000</u>	<u>500,000</u>	<u>203,144</u>	<u>(296,856)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 2,168,919</u>	<u>\$ 4,547,486</u>	<u>\$ 2,378,567</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,048,238	\$ 1,248,408	\$ 1,197,764	\$ (50,644)
Charges for Services	70,000	70,000	78,824	8,824
Miscellaneous	6,000	6,000	1,425	(4,575)
Interest	300	300	258	(42)
Total Receipts	<u>1,124,538</u>	<u>1,324,708</u>	<u>1,278,271</u>	<u>(46,437)</u>
DISBURSEMENTS				
General Government	1,800	1,978	1,978	
Roads	1,484,178	2,196,170	2,087,906	108,264
Administration	468,627	428,651	410,249	18,402
Total Disbursements	<u>1,954,605</u>	<u>2,626,799</u>	<u>2,500,133</u>	<u>126,666</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(830,067)</u>	<u>(1,302,091)</u>	<u>(1,221,862)</u>	<u>80,229</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	830,067	830,067	1,190,000	359,933
Total Other Adjustments to Cash (Uses)	<u>830,067</u>	<u>830,067</u>	<u>1,190,000</u>	<u>359,933</u>
Net Change in Fund Balance		(472,024)	(31,862)	440,162
Fund Balance - Beginning		<u>66,166</u>	<u>66,166</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (405,858)</u>	<u>\$ 34,304</u>	<u>\$ 440,162</u>

BOYD 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	\$ 758,000	\$ 1,355,546	\$ 1,427,571	\$ 72,025
Charges for Services	45,000	46,019	148,144	102,125
Miscellaneous	21,000	25,848	29,251	3,403
Interest	200	200	124	(76)
Total Receipts	<u>824,200</u>	<u>1,427,613</u>	<u>1,605,090</u>	<u>177,477</u>
DISBURSEMENTS				
Protection to Persons and Property	3,117,840	3,640,063	3,411,606	228,457
Administration	855,059	1,087,319	914,196	173,123
Total Disbursements	<u>3,972,899</u>	<u>4,727,382</u>	<u>4,325,802</u>	<u>401,580</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,148,699)</u>	<u>(3,299,769)</u>	<u>(2,720,712)</u>	<u>579,057</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,148,699	3,148,699	2,618,000	(530,699)
Total Other Adjustments to Cash (Uses)	<u>3,148,699</u>	<u>3,148,699</u>	<u>2,618,000</u>	<u>(530,699)</u>
Net Change in Fund Balance		(151,070)	(102,712)	48,358
Fund Balance - Beginning		<u>151,070</u>	<u>152,376</u>	<u>1,306</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 49,664</u>	<u>\$ 49,664</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 8,849	\$ 8,849	\$ 1,981	\$ (6,868)
Interest	50	50	92	42
Total Receipts	<u>8,899</u>	<u>8,899</u>	<u>2,073</u>	<u>(6,826)</u>
DISBURSEMENTS				
General Government	800	900	900	
Recreation and Culture		200	172	28
Roads	47,086	64,476	64,473	3
Airports	5,000	6,000	3,500	2,500
Debt Service		12,107	12,107	
Capital Projects		39,412	39,412	
Administration		10,124		10,124
Total Disbursements	<u>52,886</u>	<u>133,219</u>	<u>120,564</u>	<u>12,655</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(43,987)</u>	<u>(124,320)</u>	<u>(118,491)</u>	<u>5,829</u>
Net Change in Fund Balance	(43,987)	(124,320)	(118,491)	5,829
Fund Balance - Beginning	<u>43,987</u>	<u>124,320</u>	<u>124,320</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,829</u>	<u>\$ 5,829</u>

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

	ECONOMIC DEVELOPMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 82,000	\$ 110,287	\$ 110,797	\$ 510
Interest	25	25	21	(4)
Total Receipts	<u>82,025</u>	<u>110,312</u>	<u>110,818</u>	<u>506</u>
DISBURSEMENTS				
General Government	26,500	106,458	106,205	253
Administration	<u>55,525</u>	<u>13,688</u>	<u>1,708</u>	<u>11,980</u>
Total Disbursements	<u>82,025</u>	<u>120,146</u>	<u>107,913</u>	<u>12,233</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(9,834)</u>	<u>2,905</u>	<u>12,739</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			20,000	20,000
Transfers To Other Funds			<u>(11,464)</u>	<u>(11,464)</u>
Total Other Adjustments to Cash (Uses)			<u>8,536</u>	<u>8,536</u>
Net Change in Fund Balance		(9,834)	11,441	21,275
Fund Balance - Beginning		<u>9,834</u>	<u>9,835</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,276</u>	<u>\$ 21,276</u>

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

	SPECIAL PROJECTS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$	\$ 4,417	\$ 85	\$ (4,332)
Interest			7	7
Total Receipts		4,417	92	(4,325)
DISBURSEMENTS				
General Government		4,417		4,417
Total Disbursements		4,417		4,417
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			92	92
Net Change in Fund Balance			92	92
Fund Balance - Beginning			4,327	4,327
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,419	\$ 4,419

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

ESCROW FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 1,055,132	\$ 465,108	\$ (590,024)
Interest			933	933
Total Receipts		1,055,132	466,041	(589,091)
DISBURSEMENTS				
General Government		545,705	395,705	150,000
Administration		1,509,427		1,509,427
Total Disbursements		2,055,132	395,705	1,659,427
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,000,000)	70,336	1,070,336
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			685,000	685,000
Transfers To Other Funds			(300,000)	(300,000)
Total Other Adjustments to Cash (Uses)			385,000	385,000
Net Change in Fund Balance		(1,000,000)	455,336	1,455,336
Fund Balance - Beginning		1,000,000	97	(999,903)
Fund Balance - Ending	\$	0	\$ 455,433	\$ 455,433

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

	EMERGENCY FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$ 1,330	\$ 1,625	\$ 295
Total Receipts		1,330	1,625	295
DISBURSEMENTS				
Protection to Persons and Property Administration		48	48	
Total Disbursements		866,397	866,397	866,397
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(865,115)	1,577	866,692
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			350,000	350,000
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)			350,000	350,000
Net Change in Fund Balance		(865,115)	351,577	1,216,692
Fund Balance - Beginning		865,115	865,116	1
Fund Balance - Ending	\$	\$ 0	\$ 1,216,693	\$ 1,216,693

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

	SENIOR CENTER FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$	997	\$ 998	\$ 1
Total Receipts		997	998	1
DISBURSEMENTS				
Social Services		1,112	5,230	(4,118)
Total Disbursements		1,112	5,230	(4,118)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(115)	(4,232)	(4,117)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			4,500	4,500
Total Other Adjustments to Cash (Uses)			4,500	4,500
Net Change in Fund Balance		(115)	268	383
Fund Balance - Beginning		115	(116)	(231)
Fund Balance - Ending	\$ 0	\$ 0	\$ 152	\$ 152

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

	FEMA FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 418,038	\$ 1,197,028	\$ 778,990
Miscellaneous			318	318
Total Receipts		418,038	1,197,346	779,308
DISBURSEMENTS				
General Government		160,678	160,678	
Protection to Persons and Property		1,208,268	14,424	1,193,844
Debt Service		1,612,153	1,612,153	
Total Disbursements		2,981,099	1,787,255	1,193,844
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(2,563,061)	(589,909)	1,973,152
Net Change in Fund Balance		(2,563,061)	(589,909)	1,973,152
Fund Balance - Beginning		800,000	607,766	(192,234)
Fund Balance - Ending	\$	0	\$ 17,857	\$ 1,780,918

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

	2019 BOND FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 7	\$ 7
Total Receipts			7	7
DISBURSEMENTS				
Capital Projects		23,492	23,495	(3)
Total Disbursements		23,492	23,495	(3)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(23,492)	(23,488)	4
Net Change in Fund Balance		(23,492)	(23,488)	4
Fund Balance - Beginning		23,492	23,492	
Fund Balance - Ending	\$	0	\$ 4	\$ 4

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

	LINE OF CREDIT (LOC) FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$	\$
Total Receipts				
DISBURSEMENTS				
Capital Projects		2,000,000	1,372,767	627,233
Total Disbursements		2,000,000	1,372,767	627,233
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(2,000,000)	(1,372,767)	627,233
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		2,000,000	1,372,767	(627,233)
Total Other Adjustments to Cash (Uses)		2,000,000	1,372,767	(627,233)
Net Change in Fund Balance				
Fund Balance - Beginning			98	98
Fund Balance - Ending	\$	0	\$	98
		\$	0	\$
			98	98

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

	SEWER FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$		\$ 6.00	\$ 4.00
Total Receipts		2	6.00	4.00
DISBURSEMENTS				
Debt Service		551,967	551,094	873
Administration			26	(26)
Total Disbursements		551,967	551,120	847
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(551,965)	(551,114)	851
Other Adjustments to Cash (Uses)				
Transfer From Other Funds		551,944	551,094	(850)
Total Other Adjustments to Cash (Uses)		551,944	551,094	(850)
Net Change in Fund Balance		(21)	(20)	1
Fund Balance - Beginning		21	603	582
Fund Balance - Ending	\$	0	\$ 583	\$ 583

BOYD 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. Excess of Disbursements Over Appropriations

The general fund, general health and sanitation line item, exceeded budgeted appropriations by \$279,448. The senior center fund, social services line item, exceeded budgeted appropriations by \$4,118. The 2019 bond fund, capital projects line item, exceeded budgeted appropriations by \$3. The sewer fund, administration line item, exceeded budgeted appropriations by \$26.

Note 3. Reconciliation of Budgetary Basis to Financial Statements

The change in the payroll revolving account in the amount of \$45,856 is included in the financial statements; however, it should not be included in the budgetary comparison schedule for the general fund.

BOYD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2021

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BOYD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Emergency Management -</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4428	\$	\$ 324,758
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4540		118,411
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4592		1,014,659
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4595		116,949
Emergency Management Performance Grant	97.042	FAIN #EMA-2020-EP-00014 2		105,823
Total U.S. Department of Homeland Security				1,680,600
<u>U. S. Department of Treasury</u>				
<i>Passed-Through Kentucky Department for Local Government -</i>				
COVID-19 - Coronavirus Relief Funds	21.019	C-034 & C2-234		1,280,469
Total U.S. Department of Treasury				1,280,469
Total Expenditures of Federal Awards			\$ 0	\$ 2,961,069

The accompanying notes are an integral part of this schedule.

BOYD COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

Boyd County has not adopted an indirect cost rate and has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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***

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Kelley Galloway
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Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable Eric Chaney, Boyd County Judge/Executive
Members of the Boyd County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Boyd County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Boyd County Fiscal Court's financial statement and have issued our report thereon dated September 26, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Boyd County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Boyd County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Boyd County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 a 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-002, and 2021-003 to be material weaknesses.

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*
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Boyd County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-002, and 2021-003.

Views of Responsible Officials and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,

Kelley Dalloway Smith Dalloway, PSC

Ashland, Kentucky

September 26, 2022

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

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

Independent Auditor's Report

The Honorable Eric Chaney, Boyd County Judge/Executive
Members of the Boyd County Fiscal Court

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Other Matters

The results of our auditing procedures disclosed no other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiency in internal control over compliance that we consider to be a material weakness.

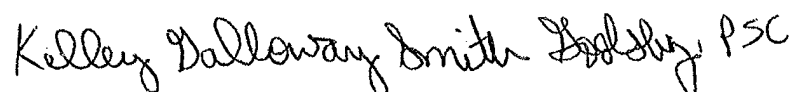
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-004 that we consider to be a material weakness.

Boyd County Fiscal Court's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Boyd County Fiscal Court's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Respectfully submitted,



Ashland, Kentucky

September 26, 2022

BOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2021

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

For The Year Ended June 30, 2021

Section I: Summary of Auditor’s Results

Financial Statement

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Fund
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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

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

Section II: Financial Statement Findings

2021-001 The Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated

This is a repeat finding and was included in the prior year report as finding 2020-001. The fiscal court's fourth quarter financial report, which serves as the county's year-end financial statement, was materially misstated. Adjustments and reclassifications were necessary to record and classify transactions properly. In order for the county's financial statement to accurately reflect receipts, 55 adjustments and reclassifications net totaling \$2,694,946 were necessary. Likewise, 36 adjustments and reclassifications net totaling \$2,333,485 were necessary for disbursements to be recorded and classified correctly on the financial statement.

According to the treasurer, she was not aware the way she recorded certain transactions was incorrect. The county did not have adequate internal control, oversight, and review procedures in place to ensure financial activity was accurately recorded and reported in accordance with the uniform system of accounts as required.

As a result, numerous errors and misstatements occurred and were undetected resulting in the financial statement being materially misstated. Inaccurate financial reporting is problematic because the commissioners and county judge/executive rely on financial data presented to them to be complete and accurate in order to make prudent financial decisions on behalf of the county and taxpayers. Furthermore, external organizations may use and rely on financial information reported by the county so accurate financial reporting should be a priority.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to submit quarterly reports to the Department for Local Government by the 20th day following the close of each quarter. The uniform system of accounts has specific requirements on how to record various types of transactions for different funds and fund types. The most basic requirement of the uniform system of accounts is that all transactions are recorded and classified correctly.

We recommend the county treasurer thoroughly examine each account line item on the quarterly report to ensure items were posted properly. Each adjustment made by auditors has been presented to and reviewed with the county treasurer. We recommend the county treasurer use these adjustments as guidance when preparing future financial statements. In addition, we recommend the fiscal court establish adequate internal controls, oversight, and review procedures to ensure that all financial data is completely and accurately recorded and reported.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The county has measures in place now with our new accounting software to ensure this does not happen again.

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

Section II: Financial Statement Findings (Continued)

2021-002 The Fourth Quarter Liabilities Journal Was Misstated

This is a repeat finding and was included in the prior year report as finding 2020-002. The liabilities journal did not reconcile to the fiscal court's debt schedules, materially misstating debt obligations.

The principal balance misstatements over \$10,000 were as follows:

- General Obligation Bonds, Series 2011B, were not included on the liabilities schedule, resulting in an understatement of \$1,230,000.
- Direct placement (First Mortgage revenue Bonds, Series 2016) was overstated \$2,210,000.
- Direct borrowing for the jail roof was overstated \$91,470.
- Direct borrowing for the trucks/sheriff's vehicles was included on the liabilities schedule; however, it was refinanced, resulting in an overstatement of \$291,844.
- Direct borrowing for the backhoe was not included on the liabilities schedule, resulting in an understatement of \$58,321.
- Direct borrowing for the freightliner was not included on the liabilities schedule, resulting in an understatement of \$116,044.
- Direct borrowing for the line of credit was not included on the liabilities schedule, resulting in an overstatement of \$2,789.
- Direct borrowing for the 2016 truck was not included on the liabilities schedule, resulting in an understatement of \$14,440.
- Direct borrowing for the sheriff's vehicles was included on the liabilities schedule, but was paid off, and did not have a principal balance as of June 30, 2021, overstating principal debt \$99,873.
- Direct borrowing for the tractors was included on the liabilities schedule; however, it was made after year-end resulting in an overstatement of \$316,545.
- Direct borrowing for the trucks was not included on the liabilities schedule, resulting in an understatement of \$595,666.

The fiscal court failed to have controls in place to ensure the fourth quarter report liabilities journal was being reconciled to the debt amortization schedules. As a result, liabilities information is not accurately presented to fiscal court, Department for Local Government, and any other individuals interested in the fiscal court's financial condition.

The Department for Local Government, under the authority of KRS 68.210, gives the state local finance officer the authority to prescribe a uniform system of accounts. As outlined in the *County Budget Preparation and State Local Finance Officer Policy Manual*, the uniform system of accounts requires the debt section of the fourth quarter financial report to be utilized for reporting all current long-term debt, including public corporation bonds, general obligation bonds, government leasing act issues and bond anticipation notes. The liabilities information reported needs to be accurate.

We recommend that fiscal court ensure all debt payments are accounted for and reported accurately on the liabilities journal.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Treasurer will ensure all debt in the county name will be included on liabilities journal.

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

Section II: Financial Statement Findings (Continued)

2021-003 The Schedule Of Expenditures Of Federal Awards (SEFA) Was Materially Misstated

This is a repeat finding and was included in the prior year audit report as finding 2020-010. The fiscal court's schedule of expenditures of federal awards (SEFA) was materially misstated. While the following known misstatements were made on the fiscal court's SEFA, the fiscal court failed to adequately track expenditures by grant and to ensure the SEFA was prepared by someone knowledgeable of federal program requirements. The treasurer's amended SEFA total was \$3,831,053. The Coronavirus Relief Funds were overstated by \$869,984.

The misstatement is the result of a lack of knowledge on the correct way to track and report federal expenditures. The county treasurer prepared the original SEFA based on grant awards received rather than grant funds expended. The fiscal court failed to implement internal control procedures to ensure the SEFA was accurate and complete. Due to the failure of the county to ensure the SEFA was prepared by someone knowledgeable of federal program requirements and their failure to prepare a complete and accurate SEFA, we are unable to obtain sufficient and appropriate evidence to express an opinion on the SEFA.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, which on page 54 states that a Schedule of Expenditures of Federal Awards is required to be maintained under the uniform system of accounts.

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), §200.502, Basis for determining Federal awards expended, provides in part: "(a) Determining Federal awards expended. The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost-reimbursement contracts under the FAR, compacts with Indian Tribes, cooperative agreements, and direct appropriations; the disbursement of funds to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or use of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and the period when insurance is in force. (b) Loan and loan guarantees (loans). Since the Federal Government is at risk for loans until the debt is repaid, the following guidelines must be used to calculate the value of Federal awards expended under loan programs, except as noted in paragraphs (c) and (d) of this section: (1) Value of new loans made or received during the audit period; plus (2) Beginning of the audit period balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus (3) Any interest subsidy, cash, or administrative cost allowance received."

2 CFR §200.510 Financial Statements states in part: "(b) Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately.

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

Section III: Financial Statement Findings (Continued)

2021-003 The Schedule Of Expenditures Of Federal Awards (SEFA) Was Materially Misstated (Continued)

At a minimum, the schedule must: (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name... (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included. (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster. (4) Include the total amount provided to subrecipients from each Federal program. (5) For loan or loan guarantee programs described in §200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule. (6) Include notes that describe that significant accounting policies used in preparing the schedule.”

We recommend the fiscal court provide knowledgeable and independent oversight of SEFA preparation and ensure staff responsible for it do an effective job, perform a detailed reconciliation of the federal assistance reported by the treasurer, and establish reporting guidance and assistance to the treasurer to ensure timely, accurate and consistent information and periodically assess the effectiveness of the treasurer’s records to ensure accurate reporting.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: County has unfortunately been the center of several FEMA disasters that have made our county one of the ones to have to apply for large amounts of federal monies. Due to the sudden and overwhelming task of getting all the paperwork correct, we were hit with several disasters in a row. The treasurer has reached out for help on how to maintain records but was told there are no training programs on handling FEMA. The county has worked to get measures in place to handle our FEMA contracts. We hired a special projects director and he now has a full-time assistant to help with all the FEMA projects.

Section III: Federal Award Findings And Questioned Costs

2021-004 The Fiscal Court Does Not Have Adequate Internal Controls Over Federal Programs

Federal Program: CFDA #21.019 COVID-19 - Coronavirus Relief Funds

Federal Agency: U.S. Department of Treasury

Pass Through Agency: Kentucky Department for Local Government

Compliance Area: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance

Questioned Costs: None

Type of Finding: Material Weakness

Federal Program: CFDA #97.036, Disaster Grants - Public Assistance Grant

Federal Agency: U.S. Department of Homeland Security

Pass Through Agency: Kentucky Emergency Management

Compliance Area: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, Reporting, and Special Tests and Provisions

Questioned Costs: None

Type of Finding: Material Weakness

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

Section III: Federal Award Findings And Questioned Costs (Continued)

2021-004 The Fiscal Court Does Not Have Adequate Internal Controls Over Federal Programs (Continued)

This is a repeat finding and was included in the prior year audit report as finding 2020-011. The fiscal court did not implement adequate internal controls over federal programs. There are no procedures or review processes in place to ensure that compliance requirements are met for all federal programs. The fiscal court does not define, maintain, or periodically evaluate the skills and expertise needed among its members to enable them to ask probing questions of employees managing federal programs and to take commensurate action.

Further, the fiscal court does not maintain an organizational structure that facilitates effective reporting and other communications about internal control over compliance among various functions and positions of management. The fiscal court does not have job descriptions for employees managing federal programs nor have they documented significant processes that explain the flow of transactions, controls to address key risk areas, and related reporting responsibilities. No processes are in place to evaluate the performance of individuals and teams against the entity's expected standards of conduct. The fiscal court also does not offer the training needed to attract, develop, and retain sufficient and competent personnel.

The fiscal court believed that they had appropriate procedures in place and did not realize that they were not sufficient. The fiscal court budgets for training in every department, however, training is not mandatory, and the fiscal court does not ensure that training is sufficient for relevant employees. The fiscal court also believed that they were using job descriptions for employees outlined in the *County Budget Preparation and State Local Finance Officer Policy Manual*, however, the positions of employees managing the federal programs are not outlined in the budget manual. Failure to implement internal controls over federal programs creates a greater risk that compliance requirements will not be met and increases the risk of undetected errors or misappropriation due to fraud. Due to the lack of internal controls, there were several instances of non-compliance including: the fiscal court's schedule of expenditures and federal awards was materially misstated, ineligible expenses were submitted for reimbursement, and auditors were unable to obtain sufficient audit evidence to substantiate amounts. Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)

2 CFR §200.303, Internal Controls, states:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with the U.S. Constitution, Federal Statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality."

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

Section III: Federal Award Findings And Questioned Costs (Continued)

2021-004 The Fiscal Court Lacks Adequate Internal Controls Over Federal Programs (Continued)

We recommend the fiscal court implement procedures to ensure that federal programs are meeting all compliance requirements. There should be review procedures in place to ensure that all federal expenditures are allowable and fall within the correct period of performance for each federal program. The fiscal court should have job descriptions for all employees and document significant processes that explain the flow of transactions, controls to address key risk areas, and related reporting responsibilities. The fiscal court should also ensure that all employees receive sufficient training in relevant areas to ensure that they attract, develop, and retain sufficient and competent personnel.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The county has a special projects director that is overseeing our FEMA contracts and recently he has hired an assistant. The county is handling a large number of disasters under FEMA and our practices have improved due to experience.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**FOR THE YEAR ENDED JUNE 30, 2021**FindingsFindings/Noncompliance

2020-001	<p>The Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated.</p> <p>Status: This was repeated as 2021-001 in the current year.</p>
2020-002	<p>The Fourth Quarter Report Liabilities Journal Was Materially Misstated.</p> <p>Status: This was repeated as 2021-002 in the current year.</p>
2020-003	<p>Budget Amounts Are Misstated on the Quarterly Report.</p> <p>Status: This was corrected in the current year.</p>
2020-004	<p>The Fiscal Court's Disbursements Exceeded Approved Budget Appropriations by \$1,117,629.</p> <p>Status: This was corrected in the current year.</p>
2020-005	<p>The Fiscal Court Did Not Establish Controls Over The Capital Project Fund.</p> <p>Status: This was corrected in the current year.</p>
2020-006	<p>The Fiscal Court Lacks Adequate Segregation of Duties Over Receipts and Reconciliations.</p> <p>Status: This was corrected in the current year.</p>
2020-007	<p>The Senior Center Fund had a Negative Reconciled Fund Balance of (\$116).</p> <p>Status: This was corrected in the current year.</p>
2020-008	<p>The Fiscal Court Has Weak Internal Controls Over Payroll.</p> <p>Status: This was corrected in the current year.</p>
2020-009	<p>The Jail Lacks Adequate Segregation Of Duties Over Jail Commissary Transactions.</p> <p>Status: This was corrected in the current year.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

- | | |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2020-010 | <p>The Schedule of Expenditures of Federal Awards (SEFA) was Materially Misstated.</p> <p>Status: This was repeated as 2021-003 in the current year.</p> |
| 2020-011 | <p>The Fiscal Court Lacks Adequate Internal Controls Over Federal Programs.</p> <p>Status: This was repeated as 2021-004 in the current year.</p> |
| 2020-012 | <p>The Fiscal Court Submitted Ineligible Expenses for Reimbursement from the Coronavirus Relief Fund.</p> <p>Status: This was corrected in the current year.</p> |
| 2020-013 | <p>Schedule of Expenditures of Federal Awards Did not Provide Sufficient and Appropriate Evidence Supporting the Compliance with CFDA 97.036 Public Assistance Grant.</p> <p>Status: This was corrected in the current year.</p> |

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2021

Finding Number	Corrective Action Planned	Anticipated Completion Date	Responsible Contact Person
2021-001	<i>The County has measures in place now with our new accounting software to ensure this does not happen again.</i>	Immediately	Patty Ball, Treasurer
2021-002	<i>Treasurer will ensure all debt int the County name will be included on liabilities journal.</i>	Immediately	Patty Ball, Treasurer
2021-003	<i>County has unfortunately been the center of several FEMA disasters that have made our county one of the ones to have to apply for large amounts of federal monies. Due to the sudden and overwhelming task of getting all the paperwork correct, we were hit with several disasters in a row. The treasurer has reached out for help on how to maintain records but was told there are no training programs on handling FEMA. The county has worked to get measures in place to handle our FEMA contracts. We hired a special projects director and he now has a full-time assistant to help with all the FEMA projects.</i>	June 30, 2022	Patty Ball, Treasurer
2021-004	<i>The county has a special projects director that is overseeing our FEMA contracts and recently he has hired an assistant. The County is handling a large number of disasters under FEMA and our practices have improved due to experience.</i>	June 30, 2022	Patty Ball, Treasurer

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

BOYD COUNTY FISCAL COURT


For The Year Ended June 30, 2021

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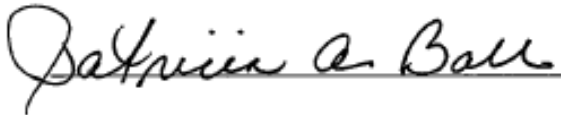
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2021

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



County Judge/Executive



County Treasurer