

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

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

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To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly Johnson, Secretary
Finance and Administration Cabinet
The Honorable Huston Wells, Franklin County Judge/Executive
Members of the Franklin County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Franklin County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Franklin County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly Johnson, Secretary
Finance and Administration Cabinet
The Honorable Huston Wells, Franklin County Judge/Executive
Members of the Franklin County Fiscal Court

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Franklin 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 Franklin 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 Franklin 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 Franklin County Fiscal Court. The Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards (supplementary information), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly Johnson, Secretary
Finance and Administration Cabinet
The Honorable Huston Wells, Franklin County Judge/Executive
Members of the Franklin County Fiscal Court

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022, on our consideration of the Franklin 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 Franklin 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 Responses included herein, which discusses the prior year report findings:

Respectfully submitted,



Charles T. Mitchell Company PLLC
Frankfort, Kentucky

February 23, 2022

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

Huston Wells	County Judge/Executive
Sherry Sebastian	Magistrate
J. W. Blackburn	Magistrate
Michael Mueller	Magistrate
Scotty Tracy	Magistrate
Marti Booth	Magistrate
Lambert Moore	Magistrate

Other Elected Officials:

Rick Sparks	County Attorney
Jacob Banta	Jailer
Jeff Hancock	County Clerk
Amy Feldman	Circuit Court Clerk
Chris Quire	Sheriff
Kellie Lang	Property Valuation Administrator
William C. Harrod	Coroner

Appointed Personnel:

Susan Laurenson	County Treasurer
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**FRANKLIN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2021

FRANKLIN 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	\$ 14,764,222	\$	\$	\$
Excess Fees				
Licenses and Permits	247,224			
Intergovernmental	641,678	1,567,745	1,431,467	87,570
Charges for Services	598,419		83,845	
Miscellaneous	790,762	72,149	291,142	
Interest	44,305			
Total Receipts	<u>17,086,610</u>	<u>1,639,894</u>	<u>1,806,454</u>	<u>87,570</u>
DISBURSEMENTS				
Current:				
General Government	4,206,650			
Protection to Persons and Property	731,764	254	3,151,476	
General Health and Sanitation	1,854,123	831		
Social Services	383,291			
Recreation and Culture	459,083			
Roads		1,856,052		18,836
Other Transportation Facilities and Services				
Debt Service	68,725			
Capital Projects	100,000			
Administration	1,624,253	361,917	838,150	
Total Disbursements	<u>9,427,889</u>	<u>2,219,054</u>	<u>3,989,626</u>	<u>18,836</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>7,658,721</u>	<u>(579,160)</u>	<u>(2,183,172)</u>	<u>68,734</u>
Other Adjustments to Cash (Uses)				
Bond Proceeds/Borrowed Money	97,703			
Proceeds of Refunding Bonds				
Payments to Refunded Bond Escrows Agent				
Transfers From Other Funds	1,600,000	650,000	2,175,000	
Transfers To Other Funds	(6,425,000)			
Total Other Adjustments to Cash (Uses)	<u>(4,727,297)</u>	<u>650,000</u>	<u>2,175,000</u>	
Net Change in Fund Balance	2,931,424	70,840	(8,172)	68,734
Fund Balance - Beginning	7,541,588	237,932	23,224	244,489
Fund Balance - Ending	<u>\$ 10,473,012</u>	<u>\$ 308,772</u>	<u>\$ 15,052</u>	<u>\$ 313,223</u>
Composition of Fund Balance				
Bank Balance	\$ 10,961,746	\$ 334,713	\$ 89,088	\$ 313,223
Plus: Deposits In Transit	22,537			
Less: Outstanding Checks	(511,271)	(25,941)	(74,036)	
Fund Balance - Ending	<u>\$ 10,473,012</u>	<u>\$ 308,772</u>	<u>\$ 15,052</u>	<u>\$ 313,223</u>

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

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

Budgeted Funds								
Federal Projects Fund	Fire Protection Fund	County Clerk Fund	County Sheriff Fund	Transient Tax Fund	ARPA Fund	Special Reserve Fund	Capital Projects Fund	Debt Service Fund
\$	\$ 2,328,693	\$	\$	234,173	\$	\$	\$	\$
		856,801	23,864					
2,714,719	286,192		112,735		4,952,202			
	4,071	744,187	1,859,519					
					597		116	
<u>2,714,719</u>	<u>2,618,956</u>	<u>1,600,988</u>	<u>1,996,118</u>	<u>234,173</u>	<u>4,952,799</u>		<u>116</u>	
630,714		749,119						
365,475	3,336,583		2,105,677					
80,000								
				93,330				
	121,474							
				139,351			629,940	
							4,344,531	
	1,733,746	301,345	888,264					
<u>1,076,189</u>	<u>5,191,803</u>	<u>1,050,464</u>	<u>2,993,941</u>	<u>232,681</u>			<u>4,974,471</u>	
<u>1,638,530</u>	<u>(2,572,847)</u>	<u>550,524</u>	<u>(997,823)</u>	<u>1,492</u>	<u>4,952,799</u>		<u>(4,974,355)</u>	
							5,560,000	
							205,049	
	2,600,000		1,000,000					
(1,600,000)								
<u>(1,600,000)</u>	<u>2,600,000</u>		<u>1,000,000</u>				<u>5,765,049</u>	
38,530	27,153	550,524	2,177	1,492	4,952,799	0	790,694	0
247,653	336,901	154,069	1,593			120,000	144,836	415,334
<u>\$ 286,183</u>	<u>\$ 364,054</u>	<u>\$ 704,593</u>	<u>\$ 3,770</u>	<u>\$ 1,492</u>	<u>\$ 4,952,799</u>	<u>\$ 120,000</u>	<u>\$ 935,530</u>	<u>\$ 415,334</u>
\$ 310,847	\$ 391,841	\$ 704,593	\$ 36,291	\$ 1,492	\$ 4,952,799	\$ 120,000	\$ 1,685,459	\$ 415,334
(24,664)	(27,787)		(32,521)				(749,929)	
<u>\$ 286,183</u>	<u>\$ 364,054</u>	<u>\$ 704,593</u>	<u>\$ 3,770</u>	<u>\$ 1,492</u>	<u>\$ 4,952,799</u>	<u>\$ 120,000</u>	<u>\$ 935,530</u>	<u>\$ 415,334</u>

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

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

	<u>Unbudgeted Funds</u>		
	<u>Jail Commissary Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
RECEIPTS			
Taxes	\$	\$	\$ 17,327,088
Excess Fees			880,665
Licenses and Permits			247,224
Intergovernmental		376,875	12,171,183
Charges for Services			682,264
Miscellaneous	409,635		4,171,465
Interest		6,057	51,075
Total Receipts	<u>409,635</u>	<u>382,932</u>	<u>35,530,964</u>
DISBURSEMENTS			
Current:			
General Government			5,586,483
Protection to Persons and Property			9,691,229
General Health and Sanitation			1,854,954
Social Services			463,291
Recreation and Culture	401,194		953,607
Roads			1,874,888
Other Transportation Facilities and Services			121,474
Debt Service			838,016
Capital Projects			4,444,531
Administration			5,747,675
Total Disbursements	<u>401,194</u>	<u></u>	<u>31,576,148</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>8,441</u>	<u>382,932</u>	<u>3,954,816</u>
Other Adjustments to Cash (Uses)			
Bond Proceeds		9,260,000	14,917,703
Proceeds of Refunding Bonds		8,821,483	9,026,532
Payments to Refunded Bond Escrows Agent		(18,499,808)	(18,499,808)
Transfers From Other Funds			8,025,000
Transfers To Other Funds			(8,025,000)
Total Other Adjustments to Cash (Uses)	<u></u>	<u>(418,325)</u>	<u>5,444,427</u>
Net Change in Fund Balance	8,441	(35,393)	9,399,243
Fund Balance - Beginning	<u>133,045</u>	<u>50,936</u>	<u>9,651,600</u>
Fund Balance - Ending	<u>\$ 141,486</u>	<u>\$ 15,543</u>	<u>\$ 19,050,843</u>
Composition of Fund Balance			
Bank Balance	\$ 160,055	\$ 15,543	\$ 20,493,024
Plus: Deposits In Transit	7,796		30,333
Less: Outstanding Checks	<u>(26,365)</u>	<u></u>	<u>(1,472,514)</u>
Fund Balance - Ending	<u>\$ 141,486</u>	<u>\$ 15,543</u>	<u>\$ 19,050,843</u>

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

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TO THE FINANCIAL STATEMENT**

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**FRANKLIN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021**

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Franklin County includes all budgeted and unbudgeted funds under the control of the Franklin County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Federal Projects Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Fire Protection Fund - The primary purpose of this fund is to account for fire commission receipts from the state fire commission.

Special Reserve Fund - This fund was established to show commitment for a joint community wide aquatics facility.

Capital Projects Fund - This fund accounts for major improvements to existing facilities, construction or acquisition of new facilities, and major equipment purchases.

Debt Service Fund - This fund reserves funds for debt service.

Clerk Fund - The primary purpose of this fund is to account for pass-through payroll reimbursements by the Clerk's office fees and related payroll benefits expenses paid by Fiscal Court.

Sheriff Fund - The primary purpose of this fund is to account for pass-through payroll reimbursements by the Sheriff's office fees and related payroll benefits expenses paid by Fiscal Court.

ARPA Fund - The primary purpose of this fund is to account for the specific federal receipts and disbursements related to the American Rescue Plan Act for relief of negative impacts due to the coronavirus pandemic.

Transient Tax Fund - Short term rental businesses such as hotels and motels collect transient room taxes and remit to the fiscal court on a quarterly basis. All transient taxes collected are remitted to the respective agents as follows. The 3% room tax is passed on to the Frankfort Franklin County Tourism Commission. An additional 2% room tax is passed on to a bond trustee on behalf of the Grand Theatre for the purpose of paying off a revenue bond to support a fine arts center.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

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

Public Properties Corporation Fund - This fund issued debt for the construction of the Justice Center. This fund has receipts from the Administrative Office of the Courts in the amount necessary to make the debt payments associated with the Justice Center.

D. Budgetary Information

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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.

D. Budgetary Information (Continued)

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 public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Franklin County Elected Officials

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

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

F. Deposits

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).

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

H. Tax Abatements

GASB Statement No. 77 - Tax Abatement Disclosures is effective for reporting periods beginning after December 15, 2015.

The requirements of this statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public presently. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

Note 2. Deposits and Investments

The fiscal court-maintained deposits of public funds with federally insured banking institutions as required by the Department of 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 Manual*. As of June 30, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

FRANKLIN 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	Federal Projects	Total Transfers In
Road Fund	\$ 650,000	\$ -	\$ 650,000
Jail Fund	2,175,000		2,175,000
Fire Protection Fund	2,600,000		2,600,000
General Fund		1,600,000	1,600,000
Sheriff Fund	1,000,000		1,000,000
Total Transfers Out	<u>\$ 6,425,000</u>	<u>\$ 1,600,000</u>	<u>\$ 8,025,000</u>

Reason for transfers:

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

Note 4. Long-Term Debt

A. Other Debt

1. First Mortgage Revenue Bonds Series 2011A - Public Properties Corporation

On May 3, 2011, the Franklin County Public Properties Corporation issued \$5,125,000 in First Mortgage Revenue Bonds, Series 2011A, dated May 3, 2011, with semi-annual interest payments beginning October 1, 2011, at varying rate of 4.3 percent to 4.5 percent. Principal payments on the debt begin on April 1, 2029. The debt was issued to retire the Bond Anticipation Renewal Notes, Series 2010. On December 1, 2017, these bonds were partially defeased with First Mortgage Refunding Revenue Bonds, Series 2017. This debt was defeased with the 2020 Revenue Refunding Series.

2. First Mortgage Revenue Bonds Series 2011B - Public Properties Corporation

On May 3, 2011, the Franklin County Public Properties Corporation issued \$23,890,000 in First Mortgage Revenue Bonds, Series 2011B, dated May 3, 2011, payable in 18 annual principal installments beginning April 1, 2012, with semi-annual interest payments at varying rates of 3 percent to 5 percent beginning October 1, 2011. These bonds were used for the construction of the Justice Center Project. The Corporation entered into a contract lease and option with the Administrative Office of the Courts (AOC), Commonwealth of Kentucky (98%) and Franklin County Fiscal Court (2%) for the Justice Center Project. On December 1, 2017, these bonds were partially defeased with First Mortgage Refunding Revenue Bonds, Series 2017. This debt was defeased with the 2020 Revenue Refunding Series.

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

Note 4. Long-term Debt (Continued)

A. Other Debt (continued)

3. First Mortgage Revenue Refunding Bonds Series 2017 - Public Properties Corporation

On December 1, 2017, the Franklin County Public Properties Corporation issued \$8,410,000 in First Mortgage Revenue Refunding Bonds. Proceeds from the bonds will be used for the purpose of (i) the advance refunding of all or certain maturities of the \$5,125,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011A, dated May 3 2011; (ii) the advance refunding of all or certain maturities of the \$23,890,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011B, dated May 3, 2011; (iii) the payment of accrued interest, if any; and (iv) the payment of the cost of issuance incurred with respect to the issuance of the bonds. Principal payments are due annually on April 1 beginning April 1, 2021. Interest payments, which varies from 3 percent to 5 percent, are payable semi-annually on April 1 and October 1. The outstanding principal balance as of June 30, 2021, was \$8,345,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 65,000	\$ 307,575
2023	70,000	306,275
2024	70,000	304,788
2025	70,000	303,213
2026	1,440,000	301,550
2027-2031	<u>6,630,000</u>	<u>641,000</u>
Totals	<u>\$ 8,345,000</u>	<u>\$ 2,164,401</u>

4. Revenue Refunding Bonds 2020 – Public Properties Corporation

On August 27, 2020, the Franklin County Public Properties Corporation issued \$9,260,000 in Revenue Refunding Bonds. Proceeds from the bonds were used for the purpose of (i) the advance refunding of all or certain maturities of the \$3,055,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011A, dated May 3 2011; (ii) the advance refunding of all or certain maturities of the \$7,345,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011B, dated May 3, 2011; (iii) the payment of accrued interest, if any; and (iv) the payment of the cost of issuance incurred with respect to the issuance of the bonds. Principal payments are due annually on April 1 beginning April 1, 2021. Interest payments, which varies from 3 percent to 5 percent, are payable semi-annually on April 1 and October 1. The outstanding principal balance as of June 30, 2021, was \$9,260,000. Future principal and interest requirements are:

Fiscal Year Ended	Principal	Interest
2022	\$ 925,000	\$ 185,200
2023	1,625,000	166,700
2024	1,655,000	134,200
2025	1,690,000	101,100
2026	65,000	66,000
2027-2030	<u>3,300,000</u>	<u>235,800</u>
	<u>\$ 9,260,000</u>	<u>\$ 889,000</u>

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

Note 4. Long-term Debt (Continued)

A. Other Debt

5. Fire Department

On October 28, 2015, the Franklin County Fiscal Court issued \$2,200,000 in General Obligation Lease Bonds Series 2015, dated October 28, 2015, payable in 10 annual principal installments beginning June 30, 2017, with semi-annual interest payments at 2.08 percent beginning June 1, 2016. These bonds were used for the construction of a fire station. In the event of default, the bank may seek all remedies available to it under the law in the state of Kentucky, including foreclosure of the mortgage. As of June 30, 2021, the outstanding balance was \$1,150,000. Future principal and interest requirements are:

Fiscal Year Ended	Principal	Interest
2022	\$ 220,000	\$ 21,632
2023	225,000	17,004
2024	230,000	12,272
2025	235,000	7,436
2026	240,000	2,496
	\$ 1,150,000	\$ 60,840

6. Multi Purpose Office Building Renovation

On August 10, 2016, the Franklin County Fiscal Court borrowed \$400,000 payable in 60 monthly principal installments beginning August 10, 2016, with interest payments at 2.59 percent. These funds were used to renovate a multi-purpose office building. This amount was paid off in fiscal year ending June 30, 2021.

7. Fire Truck & Energy Savings Project

The Franklin County Fiscal Court issued \$5,560,000 in General Obligation Lease Bonds Series, dated December 10, 2020, payable in 28 annual principal installments beginning December 20, 2021, with semi-annual interest payments at 3.00 percent beginning June 20, 2021. These bonds were used for the purchase of a fire truck and to complete an energy savings project. In the event of default, the bank may seek all remedies available to it under the law in the state of Kentucky, including foreclosure of the mortgage. As of June 30, 2021, the outstanding balance was \$5,560,000. Future principal and interest requirements are:

Fiscal Year Ended	Principal	Interest
2022	\$ 260,000	\$ 176,807
2023	270,000	168,781
2024	275,000	158,531
2025	290,000	143,719
2026	305,000	128,119
2027-2031	1,750,000	425,019
2032-2036	1,455,000	219,666
2037-2039	955,000	45,898
	\$ 5,560,000	\$ 1,466,540

B. Direct Borrowings/Direct Placement

8. Land

On August 27, 2003, the Franklin County Fiscal Court entered into a lease agreement with KACO Leasing Trust through Capital Community Economic/Industrial Development Authority (CCEIDA) for the purchase of land to construct a building for Bluegrass Community Action Agency (BGCAA). CCEIDA received the

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

Note 4. Long-term Debt (Continued)

B. Direct Borrowings/Direct Placements(continued)

8. Land(continued)

proceeds. BGCAA makes all payments on the lease. In the event of default, the lessor may terminate the lease and give notice to surrender the property within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the property does not provide. As of June 30, 2021, the outstanding balance was \$129,000. Future principal and interest requirements are:

Fiscal Year		
Ended	Principal	Interest
2022	\$ 63,000	\$ 4,955
2023	66,000	2,536
Totals	<u>\$ 129,000</u>	<u>\$ 7,491</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/Direct Placements	\$ 189,000	\$ -	\$ 60,000	\$ 129,000	\$ 63,000
Other Debt	20,326,007	14,820,000	10,831,007	24,315,000	1,470,000
Total Long-term Debt	<u>\$ 20,515,007</u>	<u>\$ 14,820,000</u>	<u>\$ 10,891,007</u>	<u>\$ 24,444,000</u>	<u>\$ 1,533,000</u>

D. Aggregate Debt Schedule

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

Fiscal Year Ended	Principal	Interest
2022	\$ 1,533,000	\$ 697,180
2023	2,256,000	661,812
2024	2,230,000	609,791
2025	2,285,000	555,468
2026	2,050,000	498,165
2027-2031	11,680,000	1,301,819
2032-2036	1,455,000	219,666
2037-2039	955,000	45,898
	<u>\$ 24,444,000</u>	<u>\$ 4,589,799</u>

Note 5. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time

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

Note 5. Employee Retirement System(continued)

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 \$2,686,792, FY20 was \$3,025,231, and FY21 was \$2,997,209.

Nonhazardous

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

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

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

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

Hazardous

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

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

Nonhazardous

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer

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

Note 5. Employee Retirement System (Continued)

contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary.

Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

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

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

Once members reach a minimum vesting period of 15 years, 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%. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

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

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

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

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

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

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5%. 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.

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

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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.

Note 6. Deferred Compensation

The Franklin 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 40601-8862, or by telephone at (502) 573-7925.

Note 7. Health Reimbursement Account/Flexible Spending Account

The Franklin County Fiscal Court established a health reimbursement and flexible spending account to provide employees additional health benefits. The health reimbursement plan provides funds for employees that waive county paid health insurance. In addition, the county also offers the flexible spending option for county employees to contribute their own pre-tax funds through payroll deduction into the account. The county has contracted with a third-party administrator to administer the plans, the balance of the account as of June 30, 2021, was \$90,580.

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

Note 8. Insurance

For the fiscal year ended June 30, 2021, the Franklin 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 9. Related Party Transactions

The Franklin County Fiscal Court paid \$620 to a sand and gravel company owned by the brother of a magistrate and \$3,714 to a company owned by the family of two magistrates.

Note 10. Conduit Debt

From time to time the county has issued bonds to provide financial assistance industries in Franklin County 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 Franklin County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2021, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 11. Tax Abatements

The occupational tax was abated under the authority of Kentucky Business Investment. The companies listed below are eligible to receive this tax abatement as a result of their commitment to create certain jobs and investments in Frankfort, Kentucky. The taxes are abated by allowing the companies to retain or have rebated to them 0.5 percent of subject wages and compensation earned in Franklin County, Kentucky in accordance with the Franklin County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes can be suspended if the company does not maintain the required baseline of employees.

A. Beam Global Spirits and Wine

The occupational tax license fee was abated under the authority of Resolution No. 45-2012, adopted by the county on August 14, 2012. Beam Global Spirits and Wine is eligible to receive this tax abatement due to anticipated growth over the employment baseline. The taxes are abated by reimbursement of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2021, the Franklin County Fiscal Court did not abate any occupational tax license fees.

B. Buffalo Trace Distillery, Inc.

The occupational tax license fee was abated under the authority of Resolution No. 45-2016, adopted by the county on December 22, 2016. Buffalo Trace Distillery, Inc. is eligible to receive this tax abatement due to its commitment to expand operations and create jobs and investments. The taxes are abated by a rebate of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their

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

Note 11. Tax Abatements (continued)

B. Buffalo Trace Distillery, Inc.(continued)

salaries and wages. For fiscal year ended June 30, 2021, the Franklin County Fiscal Court did not abate any occupational tax license fees.

C. Custom Data Processing

The occupational tax license fee was abated under the authority of Resolution No. 10-2011, adopted by the county on February 17, 2011. Custom Data Processing is eligible to receive this tax abatement due to its commitment to expand operations and create jobs and investments. The taxes are abated allowing the company to retain one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2021, the Franklin County Fiscal Court did not abate any occupational tax license fees.

D. Hayashi Telempu North America

The occupational tax license fee was abated under the authority of Resolution No. 37-2016, adopted by the county on October 28, 2016. Hayashi Telempu North America is eligible to receive this tax abatement due to its commitment to establish new operations and create jobs and investments. The taxes are abated by reimbursement of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2021, the Franklin County Fiscal Court did not abate any occupational tax license fees.

E. Mitsui Kinzoku Catalysts America, Inc.

The occupational tax license fee was abated under the authority of Resolution No. 27-2013, adopted by the county on August 29, 2013. Mitsui Kinzoku Catalysts America, Inc. is eligible to receive this tax abatement due to its commitment to establish new operations and create jobs and investments. The taxes are abated by reimbursement of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2021, the Franklin County Fiscal Court did not abate any occupational tax license fees.

F. Montaplast

The occupational tax license fee was abated under the authority of Resolution No. 31-2010, adopted by the county on November 5, 2010. Montaplast is eligible to receive this tax abatement due to its commitment to expand its existing operations and create jobs and investments. The taxes are abated allowing the company to retain one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2021, the Franklin County Fiscal Court did not abate any occupational tax license fees.

Note 12. Receivable

In January 2004, the Franklin County Fiscal Court entered into a lease agreement to borrow \$69,000 for the purchase of a 5-ton overhead crane for RJ Industries, who delivered an irrevocable letter of credit for the entire loan amount. The county agreed to make the payments and they were to be reimbursed by RJ Industries. The \$69,000 loan proceeds were received by the county but were then paid to RJ Industries. The loan was paid off during fiscal year 2009, which was a year ahead of schedule. RJ Industries defaulted on the associated receivable and a balance of \$6,653 remains owed to Franklin County.

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

Note 13. Custodial Trust Funds

Custodial trust 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 statements.

The Fiscal Court has the following agency trust 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 \$15,192.

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

For the Year Ended June 30, 2021

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FRANKLIN 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	\$ 12,991,000	\$ 13,441,000	\$ 14,764,222	\$ 1,323,222
Excess Fees	6,000	6,000		(6,000)
Licenses and Permits	225,500	225,500	247,224	21,724
Intergovernmental	695,200	695,200	641,678	(53,522)
Charges for Services	541,000	541,000	598,419	57,419
Miscellaneous	198,044	735,030	790,762	55,732
Interest	50,000	50,000	44,305	(5,695)
Total Receipts	<u>14,706,744</u>	<u>15,693,730</u>	<u>17,086,610</u>	<u>1,392,880</u>
DISBURSEMENTS				
General Government	3,261,795	4,392,419	4,206,650	185,769
Protection to Persons and Property	1,022,161	1,022,161	731,764	290,397
General Health and Sanitation	1,831,395	1,844,045	1,854,123	(10,078)
Social Services	403,459	405,961	383,291	22,670
Recreation and Culture	491,399	496,622	459,083	37,539
Debt Service			68,725	(68,725)
Capital Projects	100,000	100,000	100,000	-
Administration	1,652,391	1,711,591	1,624,253	87,338
Total Disbursements	<u>8,762,600</u>	<u>9,972,799</u>	<u>9,427,889</u>	<u>544,910</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>5,944,144</u>	<u>5,720,931</u>	<u>7,658,721</u>	<u>1,937,790</u>
Other Adjustments to Cash (Uses)				
Borrowed Money	-	97,703	97,703	
Transfers To Other Funds	(7,293,687)	(7,384,198)	(6,425,000)	959,198
Transfers In From Other Funds	155,570	155,570	1,600,000	1,444,430
Total Other Adjustments to Cash (Uses)	<u>(7,138,117)</u>	<u>(7,130,925)</u>	<u>(4,727,297)</u>	<u>2,403,628</u>
Net Change in Fund Balance	(1,193,973)	(1,409,994)	2,931,424	4,341,418
Fund Balance - Beginning	<u>1,193,973</u>	<u>1,409,994</u>	<u>7,541,588</u>	<u>6,131,594</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,473,012</u>	<u>\$ 10,473,012</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,729,472	\$ 1,761,021	\$ 1,567,745	\$ (193,276)
Miscellaneous	46,000	81,440	72,149	(9,291)
Total Receipts	<u>1,775,472</u>	<u>1,842,461</u>	<u>1,639,894</u>	<u>(202,567)</u>
DISBURSEMENTS				
Protection to Persons and Property	500	500	254	246
General Health and Sanitation	2,000	2,000	831	1,169
Roads	1,935,800	1,947,682	1,856,052	91,630
Administration	371,000	375,500	361,917	13,583
Total Disbursements	<u>2,309,300</u>	<u>2,325,682</u>	<u>2,219,054</u>	<u>106,628</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(533,828)</u>	<u>(483,221)</u>	<u>(579,160)</u>	<u>(95,939)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	533,828	483,221	650,000	166,779
Total Other Adjustments to Cash (Uses)	<u>533,828</u>	<u>483,221</u>	<u>650,000</u>	<u>166,779</u>
Net Change in Fund Balance	-	-	70,840	70,840
Fund Balance - Beginning	-	-	237,932	237,932
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,772</u>	<u>\$ 308,772</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,989,800	\$ 2,083,043	\$ 1,431,467	\$ (651,576)
Charges for Services	59,000	59,000	83,845	24,845
Miscellaneous	242,000	242,000	291,142	49,142
Total Receipts	<u>2,290,800</u>	<u>2,384,043</u>	<u>1,806,454</u>	<u>(577,589)</u>
DISBURSEMENTS				
Protection to Persons and Property	3,508,648	3,576,335	3,151,476	424,859
Administration	943,151	968,707	838,150	130,557
Total Disbursements	<u>4,451,799</u>	<u>4,545,042</u>	<u>3,989,626</u>	<u>555,416</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,160,999)</u>	<u>(2,160,999)</u>	<u>(2,183,172)</u>	<u>(22,173)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,160,999	2,160,999	2,175,000	14,001
Total Other Adjustments to Cash (Uses)	<u>2,160,999</u>	<u>2,160,999</u>	<u>2,175,000</u>	<u>14,001</u>
Net Change in Fund Balance	-	-	(8,172)	(8,172)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>23,224</u>	<u>23,224</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,052</u>	<u>\$ 15,052</u>

FRANKLIN 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	\$ 138,000	\$ 138,000	\$ 87,570	\$ (50,430)
Total Receipts	138,000	138,000	87,570	(50,430)
DISBURSEMENTS				
Roads	138,000	138,000	18,836	119,164
Total Disbursements	138,000	138,000	18,836	119,164
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	-	-	68,734	68,734
Net Change in Fund Balance	-	-	68,734	68,734
Fund Balance - Beginning	-	-	244,489	244,489
Fund Balance - Ending	\$ -	\$ -	\$ 313,223	\$ 313,223

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

	FEDERAL PROJECTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 384,000	\$ 2,141,019	\$ 2,714,719	\$ 573,700
Total Receipts	<u>384,000</u>	<u>2,141,019</u>	<u>2,714,719</u>	<u>573,700</u>
DISBURSEMENTS				
General Government	698,000	718,970	630,714	88,256
Protection to Persons and Property		1,436,049	365,475	1,070,574
Social Services		100,000	80,000	20,000
Total Disbursements	<u>698,000</u>	<u>2,255,019</u>	<u>1,076,189</u>	<u>1,178,830</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(314,000)</u>	<u>(114,000)</u>	<u>1,638,530</u>	<u>1,752,530</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	314,000	314,000	-	(314,000)
Transfers To Other Funds		(200,000)	(1,600,000)	(1,400,000)
Total Other Adjustments to Cash (Uses)	<u>314,000</u>	<u>114,000</u>	<u>(1,600,000)</u>	<u>(1,714,000)</u>
Net Change in Fund Balance	-	-	38,530	38,530
Fund Balance - Beginning	-	-	<u>247,653</u>	<u>247,653</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,183</u>	<u>\$ 286,183</u>

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

	FIRE PROTECTION FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes	\$ 2,020,000	\$ 2,327,569	\$ 2,328,693	\$ 1,124
Intergovernmental	298,000	298,000	286,192	(11,808)
Miscellaneous	10,000	13,175	4,071	(9,104)
Total Receipts	<u>2,328,000</u>	<u>2,638,744</u>	<u>2,618,956</u>	<u>(19,788)</u>
DISBURSEMENTS				
Protection to Persons and Property	3,406,625	3,436,825	3,336,583	100,242
Other Transportation Facilities and Services		121,474	121,474	-
Administration	1,739,325	2,016,694	1,733,746	282,948
Total Disbursements	<u>5,145,950</u>	<u>5,574,993</u>	<u>5,191,803</u>	<u>383,190</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,817,950)</u>	<u>(2,936,249)</u>	<u>(2,572,847)</u>	<u>363,402</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,817,950	2,817,950	2,600,000	(217,950)
Total Other Adjustments to Cash (Uses)	<u>2,817,950</u>	<u>2,817,950</u>	<u>2,600,000</u>	<u>(217,950)</u>
Net Change in Fund Balance	-	(118,299)	27,153	145,452
Fund Balance - Beginning	-	118,299	336,901	218,602
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,054</u>	<u>\$ 364,054</u>

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

	COUNTY CLERK FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Excess Fees	\$ 468,270	\$ 856,801	\$ 856,801	\$ -
Miscellaneous	750,315	750,315	744,187	(6,128)
Total Receipts	<u>1,218,585</u>	<u>1,607,116</u>	<u>1,600,988</u>	<u>(6,128)</u>
DISBURSEMENTS				
General Government	750,315	750,315	749,119	1,196
Administration	312,700	526,231	301,345	224,886
Total Disbursements	<u>1,063,015</u>	<u>1,276,546</u>	<u>1,050,464</u>	<u>226,082</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>155,570</u>	<u>330,570</u>	<u>550,524</u>	<u>219,954</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(155,570)	(330,570)		330,570
Total Other Adjustments to Cash (Uses)	<u>(155,570)</u>	<u>(330,570)</u>		<u>330,570</u>
Net Change in Fund Balance	-	-	550,524	550,524
Fund Balance - Beginning	-	-	154,069	154,069
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 704,593</u>	<u>\$ 704,593</u>

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

	SHERIFF FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Excess Fees	\$ 1,593	\$ 23,864	\$ 23,864	\$ -
Intergovernmental	127,312	145,553	112,735	(32,818)
Miscellaneous	1,957,529	2,001,232	1,859,519	(141,713)
Total Receipts	<u>2,086,434</u>	<u>2,170,649</u>	<u>1,996,118</u>	<u>(174,531)</u>
DISBURSEMENTS				
General Government	2,090,844	2,175,059	2,105,677	69,382
Administration	1,003,500	1,003,500	888,264	115,236
Total Disbursements	<u>3,094,344</u>	<u>3,178,559</u>	<u>2,993,941</u>	<u>184,618</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,007,910)</u>	<u>(1,007,910)</u>	<u>(997,823)</u>	<u>10,087</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,007,910	1,007,910	1,000,000	(7,910)
Total Other Adjustments to Cash (Uses)	<u>1,007,910</u>	<u>1,007,910</u>	<u>1,000,000</u>	<u>(7,910)</u>
Net Change in Fund Balance	-	-	2,177	2,177
Fund Balance - Beginning	-	-	1,593	1,593
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,770</u>	<u>\$ 3,770</u>

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

	TRANSIENT TAX FUND			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 435,000	\$ 435,000	\$ 234,173	\$ (200,827)
Total Receipts	<u>435,000</u>	<u>435,000</u>	<u>234,173</u>	<u>(200,827)</u>
DISBURSEMENTS				
Recreation and Culture	170,000	170,000	93,330	76,670
Debt Service	265,000	265,000	139,351	125,649
Total Disbursements	<u>435,000</u>	<u>435,000</u>	<u>232,681</u>	<u>202,319</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>-</u>	<u>-</u>	<u>1,492</u>	<u>1,492</u>
Net Change in Fund Balance	-	-	1,492	1,492
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,492</u>	<u>\$ 1,492</u>

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

	ARPA FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ -	\$ 4,952,202	\$ 4,952,202	\$ -
Interest	-	-	597	597
Total Receipts	-	4,952,202	4,952,799	597
DISBURSEMENTS				
Administration	-	4,952,202	-	4,952,202
Total Disbursements	-	4,952,202	-	4,952,202
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	-	-	4,952,799	4,952,799
Net Change in Fund Balance	-	-	4,952,799	4,952,799
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 4,952,799	\$ 4,952,799

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

	SPECIAL RESERVE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
DISBURSEMENTS				
Administration	-	-	-	-
Total Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	120,000	120,000
Fund Balance - Ending	\$ -	\$ -	\$ 120,000	\$ 120,000

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

	CAPITAL PROJECTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ -	\$ 100,000	\$ -	\$ (100,000)
Interest	-	-	116	116
Total Receipts	-	100,000	116	(99,884)
DISBURSEMENTS				
Debt Service	459,000	634,000	629,940	4,060
Capital Projects	900,000	6,065,049	4,344,531	1,720,518
Total Disbursements	1,359,000	6,699,049	4,974,471	1,724,578
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	(1,359,000)	(6,599,049)	(4,974,355)	1,624,694
Other Adjustments to Cash (Uses)				
Bond Proceeds	-	205,049	205,049	-
Borrowed Money	900,000	5,560,000	5,560,000	-
Transfers From Other Funds	459,000	834,000	-	(834,000)
Total Other Adjustments to Cash (Uses)	1,359,000	6,599,049	5,765,049	(834,000)
Net Change in Fund Balance	-	-	790,694	790,694
Fund Balance - Beginning	-	-	144,836	144,836
Fund Balance - Ending	\$ -	-	\$ 935,530	\$ 935,530

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

	DEBT SERVICE FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Interest	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
DISBURSEMENTS				
Administration	-	-	-	-
Total Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	415,334	415,334
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415,334</u>	<u>\$ 415,334</u>

**FRANKLIN 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.

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**FRANKLIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2021

FRANKLIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Name of Federal Agency	Federal		Sub-recipients	Total
	Assistance Listing	Pass-Through Entity's Identifying Number		Federal Expenditures
U.S. Department of Justice				
Crime Victim Compensation	16.575	VOCA 19-20		\$ 13,813
Crime Victim Compensation	16.575	VOCA 20-21		41,204
Total Crime Victim Compensation				<u>55,017</u>
Coronavirus Emergency Supplemental Funding Program	16.034			<u>35,881</u>
Total U.S. Department of Justice				<u>90,898</u>
Environmental Protection Agency				
Passed Through the Ky EPA				
Congress.Mandate Funds	66.202	XP-95479112		1,191
Sanitary Sewer Rehab	66.202	XP-00D69118	343,009	343,009
Total Environmental Protection Agency			<u>343,009</u>	<u>344,200</u>
U.S. Department of the Treasury				
Passed Through the Ky Dept of Local Government				
COVID CARES CRF	21.019			1,382,051
Total U.S. Department of the Treasury				<u>1,382,051</u>
U.S. Election Assistance				
Passed Through the Ky State Board of Elections				
CARES HAVA	90.404			20,870
Total U.S. Election Assistance				<u>20,870</u>
Total Expenditures of Federal Awards			<u>\$ 343,009</u>	<u>\$ 1,838,019</u>

The accompanying notes are an integral part of this schedule.

FRANKLIN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Franklin 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 Franklin County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Franklin 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

Franklin County has not adopted an indirect cost rate allowed under the Uniform Guidance.

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

For the Year Ended June 30, 2021

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FRANKLIN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For the Year Ended June 30, 2021

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 4,122,414	\$ 2,500	\$	\$ 4,124,914
Construction In Progress	-	3,445,578		3,445,578
Buildings	48,045,684			48,045,684
Furniture and Equipment	5,127,571	227,209	88,883	5,265,897
Vehicles	7,812,032	1,133,927	275,388	8,670,571
Infrastructure	56,269,986	654,439		56,924,425
Total Capital Assets	<u>\$ 121,377,687</u>	<u>\$ 5,463,653</u>	<u>\$ 364,271</u>	<u>\$ 126,477,069</u>

**FRANKLIN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS**

For the Year Ended June 30, 2021

Note 1. Capital Assets

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	20
Land	\$ 1	
Buildings and Building Improvements	\$ 50,000	10-40
Machinery and Equipment	\$ 5,000	3-10
Vehicles	\$ 5,000	5
Infrastructure	\$ 100,000	25-50

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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Partners
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Greg Miklavcic, CPA
Ryan Moore, CPA

Charles T. Mitchell Company, PLLC
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The Honorable Huston Wells, Franklin County Judge/Executive
Members of the Franklin County Fiscal Court

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

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 Franklin County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Franklin County Fiscal Court's financial statement and have issued our report thereon dated February 23, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

Charles T. Mitchell Co.

Charles T. Mitchell Company PLLC
Frankfort, Kentucky

February 23, 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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The Honorable Huston Wells, Franklin County Judge/Executive
Members of the Franklin County Fiscal Court

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

Report on Compliance for Each Major Federal Program

We have audited the Franklin 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 Franklin County Fiscal Court's major federal programs for the year ended June 30, 2021. The Franklin 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 Franklin 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 Franklin County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Franklin 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 Franklin 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 Franklin County Fiscal Court's internal control over compliance.

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

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

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

Respectfully submitted,

Charles T. Mitchell Co.

Charles T. Mitchell Company PLLC
Frankfort, Kentucky

February 23, 2022

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

For the Year Ended June 30, 2021

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**FRANKLIN 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: Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified? No

Are any significant deficiencies identified? None Reported

Are any noncompliances material to financial statements noted? No

Federal Awards

Internal Control over major programs:

Are any material weaknesses identified? No

Are any significant deficiencies identified? None Reported

Are any noncompliances material to financial statements noted? No

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)? No

Identification of major programs:

CFDA Number

Name of Federal Program

21.019

COVID CARES CRF

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee? No

Section II: Financial Statement Findings

None.

Section III: Federal Award Findings and Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

N/A.

**FRANKLIN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended June 30, 2021

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**FRANKLIN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended June 30, 2021

FINANCIAL STATEMENT FINDINGS:

None.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS:

None.

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

FRANKLIN COUNTY FISCAL COURT

For the Year Ended June 30, 2021

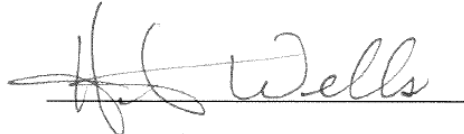
Appendix A

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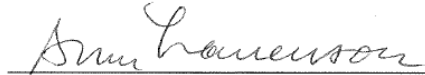
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
FRANKLIN COUNTY FISCAL COURT

For the Fiscal Year Ended June 30, 2021

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

A handwritten signature in cursive script, appearing to read "H. Wells", is written over a horizontal line.

County Judge/Executive

A handwritten signature in cursive script, appearing to read "Ann Hanson", is written over a horizontal line.

County Treasurer