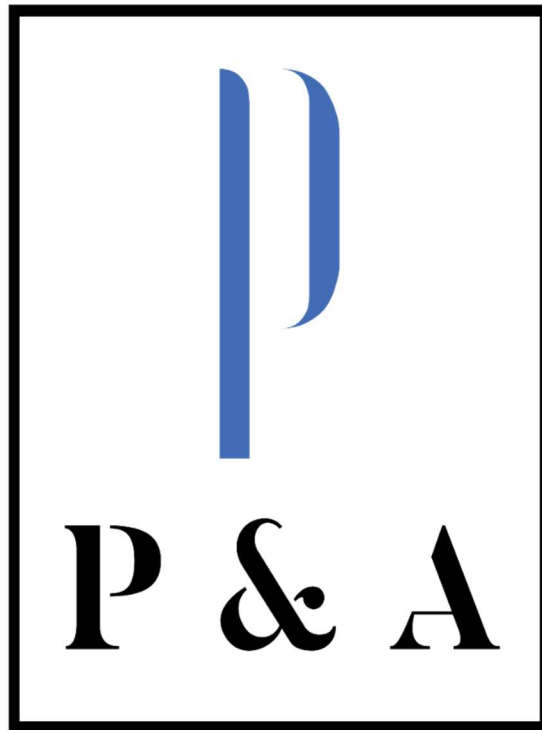


**REPORT OF THE AUDIT OF THE  
KENTON COUNTY  
FISCAL COURT**

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



**PATRICK & ASSOCIATES, LLC**

**124 Candlewood Drive  
Winchester, KY 40391**



CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
KENTON COUNTY OFFICIALS .....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS .....	6
NOTES TO FINANCIAL STATEMENT .....	11
BUDGETARY COMPARISON SCHEDULES.....	32
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCDEDULES .....	41
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	44
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	46
SCHEDULE OF CAPITAL ASSETS.....	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> .....	54
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE.....	58
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	62

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

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

### **Management's Responsibility for the Financial Statement**

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

### **Auditor's Responsibility**

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

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

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Kris Knochelmann, Kenton County Judge/Executive  
Members of the Kenton 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 Kenton 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 Kenton 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 Kenton 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 Kenton County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards (supplementary information), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

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

**Other Matters (Continued)**

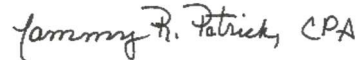
*Supplementary and Other Information (Continued)*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022, on our consideration of the Kenton 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 Kenton County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,



Tammy R. Patrick, CPA  
Patrick & Associates, LLC

March 22, 2022

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

Kris Knochelmann	County Judge/Executive
Beth Sewell	Commissioner
Jon Draud	Commissioner
Joe Nienaber, Jr.	Commissioner

**Other Elected Officials:**

Stacy Tapke	County Attorney
Terence Carl - retired 12/31/2020	Jailer
Marc Fields - appointed 1/1/2021	Jailer
Gabrielle Summe	County Clerk
John Middleton	Circuit Court Clerk
Charles Korzenborn	Sheriff
Darlene Plummer	Property Valuation Administrator
Dave Suetholz	Coroner

**Appointed Personnel:**

Joseph Shriver	County Administrator
Scott Gunning	Assistant County Administrator
Roy Cox	County Treasurer
Kurt Greivenkamp	Assistant County Treasurer
Bryan Norton	Occupational License Inspector



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

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

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

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

	<b>Budgeted Funds</b>			<b>Local Government Economic Assistance Fund</b>
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	
<b>RECEIPTS</b>				
Taxes	\$ 23,195,401	\$ 1,877,045	\$	\$
In Lieu Tax Payments	81,174			
Excess Fees	1,888,706			
Licenses and Permits	171,908			
Intergovernmental	8,665,536	1,150,103	4,106,886	
Charges for Services	1,435,320	797,748	48,202	
Miscellaneous	5,366,821	150,538	947,072	
Interest	135,321	348	181	
<b>Total Receipts</b>	<b>40,940,187</b>	<b>3,975,782</b>	<b>5,102,341</b>	
<b>DISBURSEMENTS</b>				
General Government	7,373,563			
Protection to Persons and Property	6,667,132		10,491,023	
General Health and Sanitation	1,341,491			
Social Services	75,535			
Recreation and Culture	790,331			
Roads		4,228,248		
Bus Services				
Road Facilities		892,682		
Debt Service	3,909,358			
Capital Projects	451,826	389,805	84,953	
Administration	3,616,660		4,302,348	
<b>Total Disbursements</b>	<b>24,225,896</b>	<b>5,510,735</b>	<b>14,878,324</b>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	16,714,291	(1,534,953)	(9,775,983)	
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	4,360,000	2,047,000	9,580,000	
Transfers To Other Funds	(11,627,000)			
<b>Total Other Adjustments to Cash (Uses)</b>	<b>(7,267,000)</b>	<b>2,047,000</b>	<b>9,580,000</b>	
Net Change in Fund Balance	9,447,291	512,047	(195,983)	
Fund Balance - Beginning (Restated)	18,235,679	1,061,799	749,298	6,735
Fund Balance - Ending	<b>\$ 27,682,970</b>	<b>\$ 1,573,846</b>	<b>\$ 553,315</b>	<b>\$ 6,735</b>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 31,496,048	\$ 1,573,846	\$ 553,315	\$ 6,735
Less: Outstanding Checks	(3,813,078)			
Certificates of Deposit				
Fund Balance - Ending	<b>\$ 27,682,970</b>	<b>\$ 1,573,846</b>	<b>\$ 553,315</b>	<b>\$ 6,735</b>

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

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

<b>Budgeted Funds</b>					
<b>CDBG Fund</b>	<b>Golf Fund</b>	<b>COLT Fund</b>	<b>Dispatch Fund</b>	<b>Capital Fund</b>	<b>American Rescue Plan Act Fund</b>
\$	\$	\$ 14,290,905	\$	\$	\$
205,000		581,427	750,328		16,218,702
	50,000	159,336	5,720,890		
	43	22,977			
<u>205,000</u>	<u>50,043</u>	<u>15,054,645</u>	<u>6,471,218</u>		<u>16,218,702</u>
205,000			4,207,180		
		1,937,757			
		595,648			
	28,881				
		9,105,010			
			622,400		
	62,968		1,396,792		
<u>205,000</u>	<u>91,849</u>	<u>11,638,415</u>	<u>6,226,372</u>		
	(41,806)	3,416,230	244,846		16,218,702
		(4,360,000)			
		(4,360,000)			
	(41,806)	(943,770)	244,846		16,218,702
0	166,947	13,593,391	3,401,949	0	0
<u>\$ 0</u>	<u>\$ 125,141</u>	<u>\$ 12,649,621</u>	<u>\$ 3,646,795</u>	<u>\$ 0</u>	<u>\$ 16,218,702</u>
\$	\$ 125,141	\$ 12,147,059	\$ 3,646,795	\$	\$ 16,218,702
		502,562			
<u>\$ 0</u>	<u>\$ 125,141</u>	<u>\$ 12,649,621</u>	<u>\$ 3,646,795</u>	<u>\$ 0</u>	<u>\$ 16,218,702</u>

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

**KENTON 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>Public Properties Corporation Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
<b>RECEIPTS</b>			
Taxes			
In Lieu Tax Payments	\$	\$	\$ 39,363,351
Excess Fees			81,174
Licenses and Permits			1,888,706
Intergovernmental			171,908
Charges for Services	1,291,200		32,969,182
Miscellaneous		406,704	8,408,864
Interest			6,673,767
Total Receipts			158,870
	<u>1,291,200</u>	<u>406,704</u>	<u>89,715,822</u>
<b>DISBURSEMENTS</b>			
General Government			7,578,563
Protection to Persons and Property			21,365,335
General Health and Sanitation			3,279,248
Social Services			671,183
Recreation and Culture			1,091,791
Roads		272,579	4,228,248
Bus Services			9,105,010
Road Facilities			892,682
Debt Service	1,291,200		5,822,958
Capital Projects			989,552
Administration			9,315,800
Total Disbursements	<u>1,291,200</u>	<u>272,579</u>	<u>64,340,370</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>134,125</u>	<u>25,375,452</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds			15,987,000
Transfers To Other Funds			(15,987,000)
Total Other Adjustments to Cash (Uses)			<u>0</u>
Net Change in Fund Balance		134,125	25,375,452
Fund Balance - Beginning (Restated)	4,769	166,515	37,387,082
Fund Balance - Ending	<u>\$ 4,769</u>	<u>\$ 300,640</u>	<u>\$ 62,762,534</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 4,769	\$ 301,714	\$ 66,074,124
Less: Outstanding Checks		(1,074)	(3,814,152)
Certificates of Deposit			502,562
Fund Balance - Ending	<u>\$ 4,769</u>	<u>\$ 300,640</u>	<u>\$ 62,762,534</u>

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

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

	<b>Internal Service Funds</b>			<b>Total Internal Service Funds</b>
	<b>Liability Self-Insurance Fund</b>	<b>Medical Self-Insurance Fund</b>	<b>Insurance Claims TPA Fund</b>	
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous	1078478	6884852		7,963,330
Interest	426	249	33	708
Total Receipts	<u>1,078,904</u>	<u>6,885,101</u>	<u>33</u>	<u>7,964,038</u>
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Roads				
Bus Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration	232,034	5,273,633	299,568	5,805,235
Total Disbursements	<u>232,034</u>	<u>5,273,633</u>	<u>299,568</u>	<u>5,805,235</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>846,870</u>	<u>1,611,468</u>	<u>(299,535)</u>	<u>2,158,803</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds				
Transfers To Other Funds	(375,000)		375,000	
Total Other Adjustments to Cash (Uses)	<u>(375,000)</u>		<u>375,000</u>	
Net Change in Fund Balance	471,870	1,611,468	75,465	2,158,803
Fund Balance - Beginning (Restated)	1,452,550	553,309	91,592	2,097,451
Fund Balance - Ending	<u>\$ 1,924,420</u>	<u>\$ 2,164,777</u>	<u>\$ 167,057</u>	<u>\$ 4,256,254</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 1,924,420	\$ 2,164,777	\$ 174,465	\$ 4,263,662
Less: Outstanding Checks			(7,408)	(7,408)
Certificates of Deposit				
Fund Balance - Ending	<u>\$ 1,924,420</u>	<u>\$ 2,164,777</u>	<u>\$ 167,057</u>	<u>\$ 4,256,254</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	11
NOTE 2.	DEPOSITS .....	14
NOTE 3.	TRANSFERS.....	15
NOTE 4.	CUSTODIAL FUNDS .....	15
NOTE 5.	LONG-TERM DEBT .....	16
NOTE 6.	CONTINGENCIES .....	20
NOTE 7.	EMPLOYEE RETIREMENT SYSTEM .....	20
NOTE 8.	DEFERRED COMPENSATION.....	24
NOTE 9.	SELF-INSURANCE FUND .....	24
NOTE 10.	CONDUIT DEBT.....	24
NOTE 11.	TAX ABATEMENT .....	25
NOTE 12.	HEALTH REIMBURSEMENT ACCOUNT .....	29
NOTE 13.	FLEX SPENDING ACCOUNT .....	29
NOTE 14.	PRIOR PERIOD ADJUSTMENT.....	29

**KENTON COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

**KENTON 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.

CDBG Fund - The primary purpose of this fund is to account for the community development block grants and related disbursements. The primary source of receipts for this fund is federal grants.

Golf Fund - The primary purpose of this fund is to account for the activities of the county golf courses.

COLT Fund - The primary purpose of this fund is to account for the collection of occupational licenses and payroll taxes.

Dispatch Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund is the 911 parcel fee.

Capital Fund - The primary purpose of this fund is to account for funds reserved by the county for capital projects.

American Rescue Plan Act Fund – The primary purpose of this fund is to account for the American Rescue Plan Act grant receipts and disbursements. The primary source of receipts for this fund is from the American Rescue Plan Act grant.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

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

**Internal Service Funds**

The fiscal court reports the following internal service funds:

Liability Self-Insurance Fund - The primary purpose of this fund is to account for liability insurances for the county. This insurance covers: real and personal property, automobile physical damage, business income and extra expense, property in transit, data processing media and system equipment, general liability and law enforcement liability, medical payments, good Samaritan, automobile liability, public officials' liability, employer's liability, loss inside and outside premises, forgery or alterations, and workers compensation.

Medical Self-Insurance Fund - The primary purpose of this fund is to account for the administration of the county's health insurance receipts and disbursements.



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

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

**C. Basis of Presentation (Continued)**

**Internal Service Funds (Continued)**

Insurance Claims TPA Fund - The primary purpose of this fund is to account for medical claims paid. The Department for Local Government does not require the fiscal court to budget these funds.

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

**E. Kenton County Elected Officials**

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

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

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

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

**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.

**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.

**KENTON 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	COLT Fund	Total Transfers In
General Fund	\$	\$ 4,360,000	\$ 4,360,000
Road Fund	2,047,000		2,047,000
Jail Fund	9,580,000		9,580,000
Total Transfers Out	<u>\$ 11,627,000</u>	<u>\$ 4,360,000</u>	<u>\$ 15,987,000</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. Custodial Funds**

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

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 \$528,111.

Flex Spending Fund - This fund accounts for funds received from employees for their flexible spending accounts. The balance in the flex spending fund as of June 30, 2021, was \$138,639.

HRA Fund - This fund accounts for funds received from the county to reimburse certain employee medical expenses. The balance in the HRA fund as of June 30, 2021, was \$131,735.

COLT Cities Tax Fund - This fund accounts for payroll taxes received from businesses and remitted to local cities and other county funds. The balance in the COLT cities tax fund as of June 30, 2021, was \$15,843.

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

**Note 5. Long-term Debt**

**A. Direct Borrowing and Direct Placements**

**1. Lease Agreement - 911 Emergency Call System**

The Kenton County Fiscal Court entered into a lease agreement dated August 18, 2017, in the amount of \$5,600,000 with US Bancorp Government Leasing and Finance, Inc. The purpose of the lease is for the purchase of a 911 emergency call system. Principal payments are due annually on February 1 of years 2018 through 2027, with interest of 2.191% payable on February 1 and August 1 of each year. In the event of default, the lessor may file suit to assess a tax to cover the lease liability, take immediate possession of the project, sell or lease the project and hold lessee liable for any amount not covered by sublease, increase the interest rate at which interest is calculated, and/or exercise any other right, remedy or privilege which may be available to it under the laws of the Commonwealth. Lease payments outstanding on June 30, 2021, were \$3,463,967. Debt service requirements for future fiscal years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 546,504	\$ 75,896
2023	558,478	63,922
2024	570,714	51,685
2025	583,219	39,181
2026	595,997	26,403
2027	609,055	13,344
Totals	<u>\$ 3,463,967</u>	<u>\$ 270,431</u>

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

**B. Other Debt**

**1. First Mortgage Revenue Refunding Bonds, Series 2017 - Court Facilities Project**

The Kenton County Public Properties Corporation issued bonds dated February 22, 2017, in the amount of \$12,005,000. The proceeds from the sale of the bonds were used to advance refund the outstanding mortgage revenue bonds, series 2007, of the corporation, dated February 1, 2008, which were issued to refinance the original costs of construction of the courthouse facilities project. The bonds mature on March 1 of years 2018 through 2029, with interest of 2.00% to 3.00% payable on March 1 and September 1 of each year. In the event of default, any bondholder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the issuer of the disclosure agent to comply with its obligations under this undertaking. Bonds outstanding on June 30, 2021, were \$9,050,000. Debt service requirements for future fiscal years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 1,020,000	\$ 271,500
2023	1,050,000	240,900
2024	1,075,000	209,400
2025	1,110,000	177,150
2026	1,150,000	143,850
2027-2029	3,645,000	221,100
Totals	<u>\$ 9,050,000</u>	<u>\$ 1,263,900</u>

**2. General Obligation Refunding Bonds, Series 2017A - Detention Center**

The Kenton County Fiscal Court issued bonds dated October 4, 2017, in the amount of \$27,225,000. The proceeds from the sale of the bonds were used to advance refund the outstanding general obligation bonds, series 2009, of the Kenton County Public Properties Corporation, which were used for the construction of a new detention center facility. The bonds mature on April 1 of years 2018 through 2034, with interest of 3.00% to 5.00% payable on April 1 and October 1 of each year. In the event of default, any bondholder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the issuer of the disclosure agent to comply with its obligations under this undertaking. Bonds outstanding on June 30, 2021, were \$22,595,000. Debt service requirements for future fiscal years are as follows:

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

**Note 5. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

**2. General Obligation Refunding Bonds, Series 2017A - Detention Center (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 1,315,000	\$ 895,100
2023	1,385,000	829,350
2024	1,450,000	760,100
2025	1,525,000	687,600
2026	1,600,000	611,350
2027-2031	9,070,000	1,978,650
2032-2034	6,250,000	378,750
Totals	<u>\$ 22,595,000</u>	<u>\$ 6,140,900</u>

**3. General Obligation Bonds, Series 2017B - County Administration Building**

The Kenton County Fiscal Court issued bonds dated October 4, 2017, in the amount of \$31,000,000. The proceeds from the sale of the bonds are being used to finance the costs of various public improvements to the County Administration Building. The bonds mature on October 1 of years 2018 through 2039, with interest of 3.30% to 5.00% payable on October 1 and April 1 of each year. In the event of default, any bondholder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the issuer of the disclosure agent to comply with its obligations under this undertaking. Bonds outstanding on June 30, 2021, were \$29,360,000. Debt service requirements for future fiscal years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 605,000	\$ 1,068,269
2023	635,000	1,037,269
2024	670,000	1,004,644
2025	705,000	970,269
2026	740,000	934,144
2027-2031	4,260,000	4,103,820
2032-2036	5,160,000	3,206,845
2037-2041	6,140,000	2,225,182
2042-2046	7,210,000	1,155,658
2047-2048	3,235,000	110,109
Totals	<u>\$ 29,360,000</u>	<u>\$ 15,816,209</u>

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

**Note 5. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

**4. General Obligation Bonds, Series 2018 - Latonia Lakes**

The Kenton County Fiscal Court issued bonds dated September 20, 2018, in the amount of \$320,000. The proceeds from the sale of the bonds are being used to finance the costs of substantial reconstruction of public ways in the Latonia Lakes subdivision. The bonds mature on December 20 of years 2018 through 2037, with interest of 4.00% to 5.00% payable on June 20 and December 20 of each year. In the event of default, after thirty days, the non-defaulting party may enforce the obligations of the defaulting party under the agreement. Bonds outstanding on June 30, 2021, were \$290,000. Debt service requirements for future fiscal years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 10,000	\$ 12,165
2023	15,000	11,540
2024	15,000	10,789
2025	15,000	10,039
2026	15,000	9,289
2027-2031	80,000	35,629
2032-2036	100,000	18,310
2037-2038	\$ 40,000	\$ 1,753
Totals	<u>\$ 290,000</u>	<u>\$ 109,514</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	\$ 3,998,754	\$	\$ 534,787	\$ 3,463,967	\$ 546,504
Other Debt	64,125,000		2,830,000	61,295,000	2,950,000
Total Long-term Debt	<u>\$ 68,123,754</u>	<u>\$ 0</u>	<u>\$ 3,364,787</u>	<u>\$ 64,758,967</u>	<u>\$ 3,496,504</u>

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

**Note 5. Long-term Debt (Continued)**

**D. Aggregate Debt Schedule**

The amounts of required principal and interest payments on long-term obligations for the year ended June 30, 2021, was as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 2,950,000	\$ 2,247,034	\$ 546,504	\$ 75,896
2023	3,085,000	2,119,059	558,478	63,922
2024	3,210,000	1,984,933	570,714	51,685
2025	3,355,000	1,845,058	583,219	39,181
2026	3,505,000	1,698,633	595,997	26,403
2027-2031	17,055,000	6,339,199	609,055	13,344
2032-2036	11,510,000	3,603,905		
2037-2041	6,180,000	2,226,935		
2042-2046	7,210,000	1,155,658		
2047-2048	3,235,000	110,109		
	<u>\$ 61,295,000</u>	<u>\$ 23,330,523</u>	<u>\$ 3,463,967</u>	<u>\$ 270,431</u>

**Note 6. Contingencies**

The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

**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 \$3,277,221, FY 2020 was \$3,704,532, and FY 2021 was \$3,871,460.

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.



**KENTON 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.

Hazardous

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

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

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

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

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

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

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

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

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

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

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

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

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

D. 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.

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

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

F. Death Benefit

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

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

**Note 8. Deferred Compensation**

The Kenton 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. Self-Insurance Fund**

The Kenton County Fiscal Court elected to begin a self-funded liability, workers' compensation, and health insurance plan in April 1992. This self-funded plan covers all employees and county property. The county purchased a stop-loss insurance policy to cover losses from individual and aggregate claims once the county has reached the individual and aggregate attachment points. Employees are required to assume liability for claims in excess of maximum lifetime reimbursements established by the insurance company.

The Kenton County Fiscal Court contracts with a third-party administrator to administer the health insurance fund. This vendor administers the enrollment of eligible individuals, maintains records of plan coverage, adjudicates claims incurred by plan participants, and processes and issues claim checks, etc. Pharmaceutical benefits are administered by a different vendor.

The Kenton County Fiscal Court contracts with an insurance company for property and casualty insurance. This insurance covers: real and personal property; automobile physical damage; business income and extra expense; property in transit; data processing media and system equipment; general liability and law enforcement liability; medical payments; good Samaritan; automobile liability; public officials' liability; employer's liability; loss inside and outside the premises; forgery or alterations, and workers' compensation.

**Note 10. 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 Kenton 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.

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

**Note 11. Tax Abatement**

Pursuant to GASB Statement No. 77, Tax Abatement Disclosures, the Kenton County Fiscal Court is required to disclose certain information about tax abatements as defined in the statement. GASB 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the county or its citizens. The Kenton County Fiscal Court offers property tax abatements through the following agreements;

- A. A 20-year, tiered tax abatement bound by an agreement dated 3/2/2000 between the Kenton County Fiscal Court, the City of Covington and a Developer to construct luxury apartments in an effort to boost economic development, increase property values and also increase real estate tax revenue. The 33% tax abatement in FY21 amounted to \$4,722 in abated taxes. The payment in lieu of taxes as set forth in the agreement is a percentage of property taxes the county would receive if there was no agreement in place. The percentage increases every 5 years. The payment in lieu of taxes is paid to the City of Covington no later than September 30<sup>th</sup> of each calendar year at which point the City of Covington deducts their share of the payment in lieu of taxes and forwards the County's share to the Kenton County Treasurer.
- B. A 25-year, tiered tax abatement bound by an agreement dated 11/4/2004 between the Kenton County Fiscal Court, the City of Covington and a Developer to construct a car dealership in an effort to boost economic development and increase property values as well as real estate and occupational tax revenue. The tax abatement in FY21 amounted to \$8,098. The payment in lieu of taxes is calculated by an agreed upon percentage of a specific dollar amount of assessed value that increases every 5 years. The payment in lieu of taxes is paid to the City of Covington each calendar year at which point the City of Covington deducts their share of the payment in lieu of taxes and forwards the County's share to the Kenton County Treasurer.
- C. A 20-year tax abatement bound by an agreement dated 08/24/2005 between the Kenton County Fiscal Court, the City of Covington and a Developer to construct a mixed use commercial and residential property in an effort to boost economic development and increase property values as well as real estate and occupational tax revenue. The 75% tax abatement in FY21 amounted to \$62,591. The payment in lieu of taxes is calculated as a percentage of the real estate taxes the county would receive if there was no agreement in place. The payment in lieu of taxes is paid to the City of Covington each calendar year at which point the City of Covington deducts their share of the payment in lieu of taxes and forwards the County's share to the Kenton County Treasurer.

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

**Note 11. Tax Abatement (Continued)**

- D. A 30-year tiered tax abatement bound by an agreement dated 4/1/2016 between the Kenton County Fiscal Court, the City of Covington and a Developer to construct a mixed use commercial and residential property in an effort to boost economic development and increase property values as well as real estate and occupational tax revenue. The tax abatement in FY21 amounted to \$18,634 in abated taxes. The payment in lieu of taxes is set forth in the agreement as a specific dollar amount that increases every 5 years. The payment is sent directly to the Kenton County Treasurer each calendar year. In the event of a default payment that is not cured by the Developer within 30 days, the PILOT shall become null and void as of the tax year of the default payment and the Developer shall pay the amount equal to 100% of the amount of ad valorem property tax payments that the County would have derived from the Project but for the exemption of the Project from ad valorem taxation pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes.
- E. A 30-year tiered tax abatement bound by an agreement dated 10/31/2016 between the Kenton County Fiscal Court, the City of Covington and a Developer to construct a mixed use commercial and residential property in an effort to boost economic development and increase property values as well as real estate and occupational tax revenue. The tax abatement in FY21 amounted to \$25,880. The payment in lieu of taxes is set forth in the agreement as a specific dollar amount that increases every 5 years. The payment is sent directly to the Kenton County Treasurer each calendar year. In the event of default in payment as required to the County which is not cured by the Developer within 30 days, the PILOT shall become null and void as of the tax year of the default payment and the Developer shall pay the amount equal to 100% of the amount of ad valorem property tax payments that the County would have derived from the Project but for the exemption of the Project from ad valorem taxation pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes.
- F. A 30-year tiered tax abatement bound by an agreement dated 8/8/2017 between the Kenton County Fiscal Court, the City of Covington and a Developer to construct a mixed use commercial and residential property in an effort to boost economic development and increase property values as well as real estate and occupational tax revenue. The tax abatement in FY20 amounted to \$36,232. The payment in lieu of taxes is set forth in the agreement as a specific dollar amount that increases every 5 years. The payment is sent directly to the Kenton County Treasurer each calendar year. In the event of default in payment as required to the County which is not cured by the Developer within 30 days, the PILOT shall become null and void as of the tax year of the default payment and the Developer shall pay the amount equal to 100% of the amount of ad valorem property tax payments that the County would have derived from the Project but for the exemption of the Project from ad valorem taxation pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes.

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

**Note 11. Tax Abatement (Continued)**

- G. A 30-year tiered tax abatement bound by an agreement dated 11/01/2017 between the Kenton County Fiscal Court, the City of Erlanger and a Developer to construct industrial/office use building(s) in an effort to boost economic development as well as real estate and occupational tax revenue. The tax abatement in FY21 amounted to \$39,621. The payment in lieu of taxes is calculated as a percentage of the real estate taxes the county would receive if there was no agreement in place. This percentage increases by 5% every 5 years. The payment in lieu of taxes is paid to the City of Erlanger each calendar year at which point the City of Erlanger deducts their share of the payment in lieu of taxes and forwards the County's share to the Kenton County Treasurer. If a Party (the "Failing Party") fails to perform its obligations, covenants or agreements contained in this Agreement, the other party (the "Objecting Party") shall be entitled to deliver notice of such failure. Subject to other provisions of this Agreement, if the Failing Party does not commence to cure such failure within fourteen (14) days after receipt of such notice or thereafter does not diligently prosecute such cure with commercially reasonable efforts, then the Failing Party will be in default under this Agreement. However, if the Failing Party disputes such alleged failure in good faith, then the 14-day cure period shall not begin until the fact of such failure is adjudicated. (If, after the initial 14-day notice period, the Objecting Party believes that cure has not been commenced or is not being prosecuted as set forth above, such Objecting Party may then take steps necessary to obtain adjudication of whether there has been an actual failure to perform and/or whether the cure is being prosecuted as required, but under no circumstances whatsoever shall this Agreement be terminated due to a default until both (a) existence of the failure to perform and/or failure to prosecute the cure as required are adjudicated and no longer subject to appeal, and (b) the Failing Party, after being judged to be in default, has failed to commence a cure of such default within a 14-day period after such final adjudication or thereafter fails to prosecute such cure to completion.
- H. A 30-year tax abatement bound by an agreement dated 05/14/2019 between the Kenton County Fiscal Court, the City of Covington, the City of Park Hills and a Developer to construct residential housing in an effort to boost economic development, increase property values and also increase real estate tax revenue. The tax abatement in FY21 amounted to \$235. The payment in lieu of taxes is calculated as a percentage of the real estate taxes the county would receive if there was no agreement in place. The payment in lieu of taxes is paid to the Trustee each calendar year at which point the Trustee pays the County's share to the Kenton County Treasurer. If the Trustee fails to use commercially reasonable efforts to enforce the obligations contained in the PILOT Mortgage or to collect and remit, as required, the PILOT Payments pursuant to this Agreement and the Trust Indenture, each Party shall have the right to enforce the provisions of the PILOT Mortgage against each defaulting Unit.

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

**Note 11. Tax Abatement (Continued)**

- I. A 20-year tax abatement bound by an agreement dated 3/17/2020 between the Kenton County Fiscal Court, the City of Covington and a Developer to renovate an existing property into commercial office space in an effort to boost economic development and increase property values as well as real estate and occupational tax revenue. The payment in lieu of taxes is calculated as a percentage of the real estate taxes the county would receive if there was no agreement in place. The payment is sent directly to the Kenton County Treasurer each calendar year. In the In the event of default in payment which is not cured by the Developer within thirty (30) days, then and in that event, it is agreed that this Agreement shall become null and void as of the tax year of the default in payment, and that from that point on, the Developer shall pay an amount equal to one hundred (100%) percent of the amount of ad valorem property tax payments that the County would have derived from the Project but for the exemption of the Project from ad valorem taxation pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes. It is further agreed that Developer will pay all costs of collections, including the County's reasonable attorney fees, in the event of default.
- J. A 30-year tax abatement bound by an agreement dated 05/26/2020 between the Kenton County Fiscal Court, the City of Covington and a Developer to construct multi-family rental residential housing, together with related site amenities in an effort to boost economic development, increase property values and also increase real estate tax revenue. The tax abatement in FY21 amounted to \$2,968. The payment in lieu of taxes is calculated as a percentage of the real estate taxes the county would receive if there was no agreement in place. The payment is sent directly to the Kenton County Treasurer each calendar year. In the In the event of default in payment which is not cured by the Developer within thirty (30) days, then and in that event, it is agreed that this Agreement shall become null and void as of the tax year of the default in payment, and that from that point on, the Developer shall pay an amount equal to one hundred (100%) percent of the amount of ad valorem property tax payments that the County would have derived from the Project but for the exemption of the Project from ad valorem taxation pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes. It is further agreed that Developer will pay all costs of collections, including the County's reasonable attorney fees, in the event of default.
- K. A 40-year tax abatement bound by an agreement dated 11/10/2020 between the Kenton County Fiscal Court, the City of Covington and a Developer to redevelop an existing property for commercial office, retail and hospitality uses, together with related site amenities in an effort to boost economic development and increase property values as well as real estate and occupational tax revenue. The payment in lieu of taxes is calculated as a percentage of the real estate taxes the county would receive if there was no agreement in place. The payment is sent directly to the Kenton County Treasurer each calendar year. In the In the event of default in payment which is not cured by the Developer within thirty (30) days, then and in that event, it is agreed that this Agreement shall become null and void as of the tax year of the default in payment, and that from that point on, the Developer shall pay an amount equal to one hundred (100%) percent of the amount of ad valorem property tax payments that the County would have derived from the Project but for the exemption of the Project from ad valorem taxation pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes. It is further agreed that Developer will pay all costs of collections, including the County's reasonable attorney fees, in the event of default.



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

**Note 11. Tax Abatement (Continued)**

- L. A 20-year tax abatement bound by an agreement dated 4/23/21 between the Kenton County Fiscal Court, the City of Covington and a Developer to renovate the former Kenton County Administration Building, located at 303 Court Street, into a mixed used commercial and residential property in an effort to boost economic development and increase property values as well as occupational tax revenue. The agreement is a 100% abatement of the real estate tax liability. In the event of default in payment as required to the City or School District which is not cured by the Developer within 30 days, the PILOT shall become null and void as of the tax year of the default payment and the Developer shall pay the amount equal to 100% of the amount of ad valorem property tax payments that the County would have derived from the Project but for the exemption of the Project from ad valorem taxation pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes.

**Note 12. Health Reimbursement Account**

The health reimbursement account was a health savings plan in which the county reimbursed the employee for incurred medical expenses. Under the plan the county had, any employees that were enrolled were eligible for either \$500 (single) or \$1,000 (family or employee + spouse) in reimbursements. Insurance premiums were not eligible for reimbursement, only actual incurred medical expense. The county no longer offers this type of plan to its employees. The ending balance in the account as of June 30, 2021, is available to the employees already in the fund until their balances are depleted.

**Note 13. Flex Spending Account**

The flexible spending account is an account in which an employee can withhold pre-tax dollars to be used for incurred medical expenses. Before 2014, any money in a flexible spending account must be used by the end of the plan year or it is forfeited. Starting in 2014, up to \$500 may be “rolled-over” into the following plan year. Insurance premiums are not eligible for reimbursement, only actual incurred medical expenses.

**Note 14. Prior Period Adjustment**

The beginning balance of the Insurance Claims TPA fund was restated by \$1,322 due to prior year outstanding checks that were voided.

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 21,671,500	\$ 21,671,500	\$ 23,195,401	\$ 1,523,901
In Lieu Tax Payments	49,830	49,830	81,174	31,344
Excess Fees	1,600,000	1,600,000	1,888,706	288,706
Licenses and Permits	170,600	170,600	171,908	1,308
Intergovernmental	790,860	6,521,910	8,665,536	2,143,626
Charges for Services	1,562,450	1,562,450	1,435,320	(127,130)
Miscellaneous	4,752,130	5,536,998	5,366,821	(170,177)
Interest	75,000	75,000	135,321	60,321
Total Receipts	<u>30,672,370</u>	<u>37,188,288</u>	<u>40,940,187</u>	<u>3,751,899</u>
<b>DISBURSEMENTS</b>				
General Government	9,360,880	9,854,361	7,373,563	2,480,798
Protection to Persons and Property	5,550,630	8,601,628	6,667,132	1,934,496
General Health and Sanitation	1,478,970	1,521,902	1,341,491	180,411
Social Services	80,000	80,000	75,535	4,465
Recreation and Culture	839,175	952,257	790,331	161,926
Debt Service	3,909,360	3,909,360	3,909,358	2
Capital Projects	757,500	1,019,999	451,826	568,173
Administration	9,183,425	11,736,351	3,616,660	8,119,691
Total Disbursements	<u>31,159,940</u>	<u>37,675,858</u>	<u>24,225,896</u>	<u>13,449,962</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(487,570)</u>	<u>(487,570)</u>	<u>16,714,291</u>	<u>17,201,861</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds	4,683,650	4,683,650	4,360,000	(323,650)
Transfers To Other Funds	(17,300,000)	(17,300,000)	(11,627,000)	5,673,000
Total Other Adjustments to Cash (Uses)	<u>(12,616,350)</u>	<u>(12,616,350)</u>	<u>(7,267,000)</u>	<u>5,349,350</u>
Net Change in Fund Balance	(13,103,920)	(13,103,920)	9,447,291	22,551,211
Fund Balance - Beginning	<u>13,103,920</u>	<u>13,103,920</u>	<u>18,235,679</u>	<u>5,131,759</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,682,970</u>	<u>\$ 27,682,970</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,877,045	\$ 377,045
Intergovernmental	8,770,681	8,770,681	1,150,103	(7,620,578)
Charges for Services	353,000	353,000	797,748	444,748
Miscellaneous	160,000	160,000	150,538	(9,462)
Interest	1,000	1,000	348	(652)
Total Receipts	<u>10,784,681</u>	<u>10,784,681</u>	<u>3,975,782</u>	<u>(6,808,899)</u>
<b>DISBURSEMENTS</b>				
Roads	12,107,790	14,420,359	4,228,248	10,192,111
Road Facilities	986,660	1,001,920	892,682	109,238
Capital Projects		689,185	389,805	299,380
Administration	3,394,733	377,719		377,719
Total Disbursements	<u>16,489,183</u>	<u>16,489,183</u>	<u>5,510,735</u>	<u>10,978,448</u>
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	<u>(5,704,502)</u>	<u>(5,704,502)</u>	<u>(1,534,953)</u>	<u>4,169,549</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>4,800,000</u>	<u>4,800,000</u>	<u>2,047,000</u>	<u>(2,753,000)</u>
Total Other Adjustments to Cash (Uses)	<u>4,800,000</u>	<u>4,800,000</u>	<u>2,047,000</u>	<u>(2,753,000)</u>
Net Change in Fund Balance	(904,502)	(904,502)	512,047	1,416,549
Fund Balance - Beginning	<u>904,502</u>	<u>904,502</u>	<u>1,061,799</u>	<u>157,297</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,573,846</u>	<u>\$ 1,573,846</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 3,742,950	\$ 4,756,380	\$ 4,106,886	\$ (649,494)
Charges for Services	54,000	54,000	48,202	(5,798)
Miscellaneous	960,000	960,000	947,072	(12,928)
Interest			181	181
Total Receipts	<u>4,756,950</u>	<u>5,770,380</u>	<u>5,102,341</u>	<u>(668,039)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	11,182,050	12,289,806	10,491,023	1,798,783
Capital Projects	53,000	96,000	84,953	11,047
Administration	6,557,500	6,420,174	4,302,348	2,117,826
Total Disbursements	<u>17,792,550</u>	<u>18,805,980</u>	<u>14,878,324</u>	<u>3,927,656</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(13,035,600)</u>	<u>(13,035,600)</u>	<u>(9,775,983)</u>	<u>3,259,617</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>12,300,000</u>	<u>12,300,000</u>	<u>9,580,000</u>	<u>(2,720,000)</u>
Total Other Adjustments to Cash (Uses)	<u>12,300,000</u>	<u>12,300,000</u>	<u>9,580,000</u>	<u>(2,720,000)</u>
Net Change in Fund Balance	(735,600)	(735,600)	(195,983)	539,617
Fund Balance - Beginning	735,600	735,600	749,298	13,698
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 553,315</u>	<u>\$ 553,315</u>

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

	<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 5,000	\$ 5,000	\$	\$ (5,000)
Total Receipts	<u>5,000</u>	<u>5,000</u>		<u>(5,000)</u>
<b>DISBURSEMENTS</b>				
Roads	<u>10,000</u>	<u>10,000</u>		<u>10,000</u>
Total Disbursements	<u>10,000</u>	<u>10,000</u>		<u>10,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(5,000)</u>	<u>(5,000)</u>		<u>5,000</u>
Net Change in Fund Balance	(5,000)	(5,000)		5,000
Fund Balance - Beginning	<u>5,000</u>	<u>5,000</u>	<u>6,735</u>	<u>1,735</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,735</u>	<u>\$ 6,735</u>

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

	<b>CDBG FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 230,000	\$ 430,000	\$ 205,000	\$ (225,000)
Total Receipts	<u>230,000</u>	<u>430,000</u>	<u>205,000</u>	<u>(225,000)</u>
<b>DISBURSEMENTS</b>				
General Government	230,000	430,000	205,000	225,000
Total Disbursements	<u>230,000</u>	<u>430,000</u>	<u>205,000</u>	<u>225,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



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

	<b>GOLF FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 50,000	\$ 50,000	\$ 50,000	\$
Interest			43	43
Total Receipts	<u>50,000</u>	<u>50,000</u>	<u>50,043</u>	<u>43</u>
<b>DISBURSEMENTS</b>				
Recreation and Culture	65,700	65,700	28,881	36,819
Capital Projects		62,969	62,968	1
Administration	494,940	431,971		431,971
Total Disbursements	<u>560,640</u>	<u>560,640</u>	<u>91,849</u>	<u>468,791</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(510,640)</u>	<u>(510,640)</u>	<u>(41,806)</u>	<u>468,834</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>200,000</u>	<u>200,000</u>		<u>(200,000)</u>
Total Other Adjustments to Cash (Uses)	<u>200,000</u>	<u>200,000</u>		<u>(200,000)</u>
Net Change in Fund Balance	(310,640)	(310,640)	(41,806)	268,834
Fund Balance - Beginning	<u>310,640</u>	<u>310,640</u>	<u>166,947</u>	<u>(143,693)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 125,141</u>	<u>\$ 125,141</u>

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

	<b>COLT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 13,350,000	\$ 13,350,000	\$ 14,290,905	\$ 940,905
Intergovernmental	645,000	645,000	581,427	(63,573)
Miscellaneous	196,000	196,000	159,336	(36,664)
Interest	21,000	21,000	22,977	1,977
Total Receipts	<u>14,212,000</u>	<u>14,212,000</u>	<u>15,054,645</u>	<u>842,645</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	2,087,210	2,094,310	1,937,757	156,553
Social Services	765,290	782,290	595,648	186,642
Bus Services	9,547,050	9,565,050	9,105,010	460,040
Administration	10,148,894	10,106,794		10,106,794
Total Disbursements	<u>22,548,444</u>	<u>22,548,444</u>	<u>11,638,415</u>	<u>10,910,029</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(8,336,444)</u>	<u>(8,336,444)</u>	<u>3,416,230</u>	<u>11,752,674</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(4,683,650)</u>	<u>(4,683,650)</u>	<u>(4,360,000)</u>	<u>323,650</u>
Total Other Adjustments to Cash (Uses)	<u>(4,683,650)</u>	<u>(4,683,650)</u>	<u>(4,360,000)</u>	<u>323,650</u>
Net Change in Fund Balance	(13,020,094)	(13,020,094)	(943,770)	12,076,324
Fund Balance - Beginning	<u>13,020,094</u>	<u>13,020,094</u>	<u>13,593,391</u>	<u>573,297</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,649,621</u>	<u>\$ 12,649,621</u>

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

	<b>DISPATCH FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	850,000	850,000	750,328	(99,672)
Charges for Services	6,496,880	6,496,880	5,720,890	(775,990)
Total Receipts	<u>7,346,880</u>	<u>7,346,880</u>	<u>6,471,218</u>	<u>(875,662)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	5,300,830	5,505,808	4,207,180	1,298,628
Debt Service	622,410	622,410	622,400	10
Administration	4,543,670	4,338,692	1,396,792	2,941,900
Total Disbursements	<u>10,466,910</u>	<u>10,466,910</u>	<u>6,226,372</u>	<u>4,240,538</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,120,030)</u>	<u>(3,120,030)</u>	<u>244,846</u>	<u>3,364,876</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(3,120,030)	(3,120,030)	244,846	3,364,876
Fund Balance - Beginning	3,120,030	3,120,030	3,401,949	281,919
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,646,795</u>	<u>\$ 3,646,795</u>

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

	<b>AMERICAN RESCUE PLAN ACT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 16,218,702	\$ 16,218,702	\$
Total Receipts		16,218,702	16,218,702	
<b>DISBURSEMENTS</b>				
Administration		16,218,702		16,218,702
Total Disbursements		16,218,702		16,218,702
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			16,218,702	16,218,702
Net Change in Fund Balance			16,218,702	16,218,702
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 16,218,702	\$ 16,218,702

**KENTON 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.

**KENTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

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**KENTON COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Homeland Security</u></b>				
<i>Direct Program:</i>				
Port Security Grant Program	97.056	EMW-2019-PU-00171-801	\$ -	\$ 23,156
<i>Passed-Through Kentucky Emergency Management:</i>				
Emergency Management Performance Grant	97.042	SC 095 2000000513	-	55,910
<b>Total U.S. Department of Homeland Security</b>			-	79,066
<b><u>U. S. Department of Justice</u></b>				
<i>Direct Programs:</i>				
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0386	\$ -	\$ 25,549
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0227	-	4,246
Edward Byrne Memorial Justice Assistance Grant	16.738	2020-DJ-BX-0688	-	23,093
Comprehensive Opioid Abuse Site Based Program	16.838	2017-AR-BX-K043	-	58,963
Comprehensive Opioid, Stimulant, and Substance Abuse	16.838	2020-AR-BX-0124	-	23,055
<b>Total U.S. Department of Justice</b>			-	134,906
<b><u>U. S. Department of Treasury</u></b>				
<i>Passed-Through Kentucky Department for Local Government:</i>				
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	C272	\$ -	\$ 2,827,092
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	C2-137	-	1,487,886
<b>Total U.S. Department of Treasury</b>			-	4,314,978
<b><u>U. S. Department of Health and Human Services</u></b>				
<i>Direct Program:</i>				
Substance Abuse and Mental Health Services Projects of Regional National Significance	93.243	1H79TI081561	\$ -	\$ 412,237
<i>Passed-Through Kentucky Cabinet of Health and Family Services:</i>				
Kentucky Opioid Response Effort (KORE)	93.788	PON2 729 2000001878	-	\$ 200,456
<b>Total U.S. Department of Health and Human Services</b>			-	612,693

The accompanying notes are an integral part of this schedule



**KENTON COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Transportation: National Highway Traffic Safety Administration</u></b>				
<i>Passed-Through Kentucky Transportation Cabinet for Highway Safety:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	PT-2020-35	\$ -	\$ 1,167
State and Community Highway Safety	20.600	PT-2021-39	-	2,331
State and Community Highway Safety	20.600	PT-21-79	-	4,575
State and Community Highway Safety	20.600	PT-20-78	-	2,046
Highway Safety Cluster Total			<u>-</u>	<u>10,119</u>
<b>Total U.S. Department of Transportation: National Highway Traffic Safety Administration</b>			<u>-</u>	<u>10,119</u>
<b><u>U.S. Department of Federal Highway Administration</u></b>				
<i>Passed-Through Kentucky Transportation Cabinet:</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	PO2-625-1400002177	\$ -	\$ 49,582
Highway Planning and Construction Cluster Total			<u>-</u>	<u>49,582</u>
<b>Total U.S. Department of Federal Highway Administration</b>			<u>-</u>	<u>49,582</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<i>Passed-Through Kentucky Department for Local Government:</i>				
Community Development Block/Grant State's Program	14.228	19-062	\$ 190,000	\$ 200,000
Community Development Block/Grant State's Program	14.228	18-060	-	5,000
<b>Total U.S. Department of Housing and Urban Development</b>			<u>190,000</u>	<u>205,000</u>
Total Expenditures of Federal Awards			<u>\$ 190,000</u>	<u>\$ 5,406,344</u>

The accompanying notes are an integral part of this schedule

**KENTON 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 Kenton 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 Kenton County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Kenton 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**

Kenton County has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

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

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**KENTON 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	\$ 23,979,615	\$ 460,889	\$ 745,000	\$ 23,695,504
Construction In Progress	40,182,789	3,032,716	38,308,661	4,906,844
Buildings	113,347,802	32,243,573	12,955,000	132,636,375
Land and Building Improvements	9,401,419	96,622	4,980,770	4,517,271
Vehicles and Equipment	23,173,987	6,133,300	4,791,058	24,516,229
Infrastructure	17,600,971	907,781		18,508,752
Total Capital Assets (Restated)	<u>\$ 227,686,583</u>	<u>\$ 42,874,881</u>	<u>\$ 61,780,489</u>	<u>\$ 208,780,975</u>

**KENTON COUNTY**  
**NOTES TO OTHER INFORMATION – REGULATORY BASIS**  
**SCHEDULE OF CAPITAL ASSETS**

**June 30, 2021**

**Note 1. Capital Assets**

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land	\$ 25,000	10-60
Buildings	\$ 50,000	10-75
Land and Building Improvements	\$ 50,000	10-75
Vehicles and Equipment	\$ 10,000	3-15
Infrastructure	\$ 25,000	10-50

**Note 2. Restatement of Beginning Balance**

The beginning balance for buildings was decreased by \$2,050,495 and the beginning balance for land and building improvements was increased by \$2,050,495 due to a reclassification.

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



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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

The Honorable Kris Knochelmann, Kenton County Judge/Executive  
Members of the Kenton County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Kenton County Fiscal Court for the fiscal year ended June 30, 2021 and the related notes to the financial statement which collectively comprise the Kenton County Fiscal Court's financial statement and have issued our report thereon dated March 22, 2022.

**Internal Control Over Financial Reporting**

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

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

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

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)

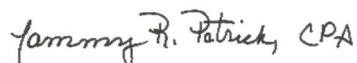
**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Kenton 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 amount. 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,

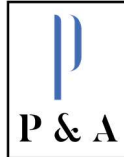


Tammy R. Patrick, CPA  
Patrick & Associates, LLC

March 22, 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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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

The Honorable Kris Knochelmann, Kenton County Judge/Executive  
Members of the Kenton County Fiscal Court

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

Independent Auditor's Report

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

We have audited the Kenton 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 Kenton County Fiscal Court's major federal programs for the year ended June 30, 2021. The Kenton 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 Kenton 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 Kenton 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 Kenton 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 Kenton 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 Kenton 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 Kenton 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 Kenton 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,



Tammy R. Patrick, CPA  
Patrick & Associates, LLC

March 22, 2022

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

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



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

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

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

***Financial Statement***

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

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major programs:

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

Identification of major programs:

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

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

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

**Section II: Financial Statement Findings**

None.

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

None.

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

None.

