

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

**For The Year Ended
June 30, 2023**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

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

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Knott County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Knott County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Knott County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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 section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Knott County Fiscal Court, for the year ended June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Knott County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky
 The Honorable Andy Beshear, Governor
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 The Honorable Jeff Dobson, Knott County Judge/Executive
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Knott 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 and pervasive.

Responsibilities of Management for the Financial Statement

Knott County Fiscal Court's management is responsible for the preparation and fair presentation of the 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 Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Knott County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Knott County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky
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Auditor's Responsibilities for the Audit of the Financial Statement (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Budgetary Comparison Schedules

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Knott County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Schedule of Expenditures of Federal Awards

We were engaged to express an opinion on whether the Schedule of Expenditures of Federal Awards is fairly stated in all material respects, in relation to the financial statements as a whole. Because of the lack of documentation to appropriately connect the disbursements to FEMA authorized work prevented the ability to rely on the Schedule of Expenditures of Federal Awards presented, it is inappropriate to, and we do not express an opinion on the Schedule of Expenditures of Federal Awards in relation to the financial statement.

Other Information

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2025, on our consideration of the Knott County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Knott County Fiscal Court's internal control over financial reporting and compliance.

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

- 2023-001 The Fiscal Court Does Not Have Adequate Internal Controls At The Knott County Sportsplex
- 2023-002 The Fiscal Court Lacks Adequate Internal Controls At The Mine Made Adventure Park And Campground
- 2023-003 The Fiscal Court Did Not Maintain Proper FEMA Documentation

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 7, 2025

KNOTT COUNTY OFFICIALS**For The Year Ended June 30, 2023****Fiscal Court Members:**

Jeff Dobson	County Judge/Executive
Ricky Thomas	Magistrate
Calvin Waddles	Magistrate
Brent Smith	Magistrate
Carl B. Craft	Magistrate

Other Elected Officials:

Tim Bates	County Attorney
Robby Slone	Jailer
Reci Cornett	County Clerk
Lisa Bolen	Circuit Court Clerk
Dale Richardson	Sheriff
Tonya Fugate	Property Valuation Administrator
Corey Watson	Coroner

Appointed Personnel:

Kevin Jacobs	County Treasurer
Brenon Lewis	Chief Financial Officer

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 1,777,110	\$	\$	\$
In Lieu Tax Payments	23,613			
Excess Fees	22,300			
Intergovernmental	503,507	9,923,623	92,602	2,099,812
Charges for Services	189,662			759,703
Miscellaneous	1,920,441	44,221	74	291,953
Interest	45,788	103,689	1,746	29,405
Total Receipts	<u>4,482,421</u>	<u>10,071,533</u>	<u>94,422</u>	<u>3,180,873</u>
DISBURSEMENTS				
General Government	1,996,818			43,409
Protection to Persons and Property	150,627		541,512	192,762
General Health and Sanitation				284,234
Social Services	37,593			194,490
Recreation and Culture				1,208,632
Roads		9,892,425		3,670
Debt Service	3,172	1,612,093		
Capital Projects	706,000	477,090		
Administration	1,094,412	199,386	50,587	282,920
Total Disbursements	<u>3,988,622</u>	<u>12,180,994</u>	<u>592,099</u>	<u>2,210,117</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>493,799</u>	<u>(2,109,461)</u>	<u>(497,677)</u>	<u>970,756</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		5,300,000		
Transfers From Other Funds	66,714	366,455	500,000	89,500
Transfers To Other Funds	(1,155,000)			
Total Other Adjustments to Cash (Uses)	<u>(1,088,286)</u>	<u>5,666,455</u>	<u>500,000</u>	<u>89,500</u>
Net Change in Fund Balance	(594,487)	3,556,994	2,323	1,060,256
Fund Balance - Beginning (restated)	<u>1,051,817</u>	<u>320,333</u>	<u>13,763</u>	<u>122,720</u>
Fund Balance - Ending	<u>\$ 457,330</u>	<u>\$ 3,877,327</u>	<u>\$ 16,086</u>	<u>\$ 1,182,976</u>
Composition of Fund Balance				
Bank Balance	\$ 571,668	\$ 4,298,843	\$ 52,682	\$ 1,238,846
Plus: Deposits In Transit				
Payroll Revolving Account Reconciled Balance	6,432			
Less: Outstanding Checks	<u>(120,770)</u>	<u>(421,516)</u>	<u>(36,596)</u>	<u>(55,870)</u>
Fund Balance - Ending	<u>\$ 457,330</u>	<u>\$ 3,877,327</u>	<u>\$ 16,086</u>	<u>\$ 1,182,976</u>

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

KNOTT COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

Budgeted Funds					
State Grant Fund	Federal Grant Fund	Emergency Management Fund	Forestry Fund	Sports Complex Fund	E-911 Fund
\$	\$	\$	\$ 3,247	\$	\$ 76,714
742,084	300,159	1,525,128		204,562	
				15,055	
8,599		7,350	349	1,717	941
750,683	300,159	1,532,478	3,596	221,334	77,655
			2,118		109,668
18,229	51,159			540,207	
	199,000			69,125	21,724
18,229	250,159		2,118	609,332	131,392
732,454	50,000	1,532,478	1,478	(387,998)	(53,737)
130,000				400,000	55,000
(620,663)	(50,000)	(57,955)			
(490,663)	(50,000)	(57,955)		400,000	55,000
241,791		1,474,523	1,478	12,002	1,263
22,475	214	334	7,141	5,460	17,494
\$ 264,266	\$ 214	\$ 1,474,857	\$ 8,619	\$ 17,462	\$ 18,757
\$ 264,266	\$ 214	\$ 1,474,857	\$ 8,619	\$ 34,277	\$ 20,583
				344	
				(17,159)	(1,826)
\$ 264,266	\$ 214	\$ 1,474,857	\$ 8,619	\$ 17,462	\$ 18,757

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

KNOTT COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

	Budgeted Funds				
	American Rescue Plan Act Fund	Opioid Fund	Clerk Storage Fund	Debt Service Fund	Total Funds
RECEIPTS					
Taxes	\$	\$	\$	\$	\$ 1,857,071
In Lieu Tax Payments					23,613
Excess Fees					22,300
Intergovernmental				472,556	15,659,471
Charges for Services		221,188			1,375,115
Miscellaneous			14,130		2,285,874
Interest	154	134	6	7	199,885
Total Receipts	154	221,322	14,136	472,563	21,423,329
DISBURSEMENTS					
General Government			1,980		2,042,207
Protection to Persons and Property					996,687
General Health and Sanitation	326,373				661,766
Social Services					250,312
Recreation and Culture					1,748,839
Roads					9,896,095
Debt Service				765,219	2,380,484
Capital Projects					1,382,090
Administration					1,718,154
Total Disbursements	326,373		1,980	765,219	21,076,634
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(326,219)	221,322	12,156	(292,656)	346,695
Other Adjustments to Cash (Uses)					
Financing Obligation Proceeds					5,300,000
Transfers From Other Funds				292,663	1,900,332
Transfers To Other Funds	(16,714)				(1,900,332)
Total Other Adjustments to Cash (Uses)	(16,714)			292,663	5,300,000
Net Change in Fund Balance	(342,933)	221,322	12,156	7	5,646,695
Fund Balance - Beginning (restated)	342,933			271	1,904,955
Fund Balance - Ending	\$ 0	\$ 221,322	\$ 12,156	\$ 278	\$ 7,551,650
Composition of Fund Balance					
Bank Balance	\$	\$ 221,322	\$ 12,156	\$ 278	\$ 8,198,611
Plus: Deposits In Transit					344
Payroll Revolving Account Reconciled Balance					6,432
Less: Outstanding Checks					(653,737)
Fund Balance - Ending	\$ 0	\$ 221,322	\$ 12,156	\$ 278	\$ 7,551,650

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

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TO THE FINANCIAL STATEMENT**

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**KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Knott County includes all budgeted and unbudgeted funds under the control of the Knott 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 for and on behalf of, and as the agency and instrumentality of 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.

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(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.

State Grant Fund - The primary purpose of this fund is to account for the grants that are received from various state agencies earmarked for specific projects. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the general fund.

Federal Grant Fund - The primary purpose of this fund is to account for the grants that are received from various federal agencies earmarked for specific projects. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the general fund.

Emergency Management Fund - The primary purpose of this fund is to account for the grants that are received from various state and federal agencies earmarked for disaster related projects. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the general fund.

Forestry Fund - The primary purpose of this fund is to account for the taxes received and the related expenditures to prevent forest fires.

Sports Complex Fund - The primary purpose of this fund is to account for the revenue and expenditures of the sports complex. It is primarily funded from charges for service and transfers from other funds.

E-911 Fund - The primary purpose of this fund is to account for the tax revenues and expenditures related to maintaining the local E-911 service.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for the tax revenues and expenditures related to the American Rescue Plan Act grant.

Opioid Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crisis. Receipts of this fund are received from the state as a result of the state's agreement with major opioid manufacturers and distributors.

Clerk Storage Fund - The primary purpose of this fund is to account for receipts from the county clerk for storage fees.

Debt Service Fund - This fund contains the youth center general obligation bond issue and the justice center corporation bond issue. Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, 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.

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.

E. Knott County Elected Officials

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

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

F. Deposits and Investments

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

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

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

H. Joint Venture

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

Kentucky River Regional Jail

On June 29, 2005, Knott and Perry Counties (the participating counties) entered into an Interlocal Cooperation Agreement in order to provide for joint and cooperative action in the maintenance and financing of the Kentucky River Regional Jail. Pursuant to this interlocal agreement, Perry County financed the acquisition and construction of the Kentucky River Regional Jail. On November 1, 2007, the Perry County Fiscal Court issued \$4,975,000 of general obligation bonds to refund the Perry County Detention Center Bond from December 2001. Pursuant to the lease and sublease, each participating county covenants to meet its proportionate share of the debt service requirements on the bond as follows (the “proportionate share” or “use allowance”): 75 percent for Perry County and 25 percent for Knott County. After considering other existing obligations held with Perry County, the Knott County Fiscal Court decided to withhold their portion of the debt service until all agreements were honored. In January of 2024, the Knott County Fiscal Court agreed to resume paying their portion of the region jail debt service requirements.

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’s) *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’s *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2023.

	General Fund	State Grant Fund	Federal Grant Fund	Emergency Management Fund	ARPA Fund	Total Transfers In
General Fund	\$	\$	\$50,000	\$	\$ 16,714	\$ 66,714
Road Fund		328,000		38,455		366,455
Jail Fund	500,000					500,000
LGEA Fund	70,000			19,500		89,500
State Grant	130,000					130,000
E911 Fund	55,000					55,000
Sportsplex Fund	400,000					400,000
Debt Service Fund		292,663				292,663
Total Transfers Out	<u>\$ 1,155,000</u>	<u>\$ 620,663</u>	<u>\$50,000</u>	<u>\$ 57,955</u>	<u>\$ 16,714</u>	<u>\$ 1,900,332</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. Leases

1. Road Department Building

On July 23, 2007, the Knott County Fiscal Court entered into a 20-year lease agreement as lessee on a building for the road department. As of June 30, 2023, the value of the lease liability was \$102,400. The Knott County Fiscal Court is required to make monthly principal payments of \$1,600. The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 19,200
2025	19,200
2026	19,200
2027	19,200
2028	19,200
2029	<u>6,400</u>
Total Minimum Lease Payments	<u>\$ 102,400</u>

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 4. Leases (Continued)

2. Copier

On February 25, 2020, the Knott County Fiscal Court entered into a lease agreement as lessee on a copier for the judge's office. As of June 30, 2023, the value of the lease liability was \$2,394. The Knott County Fiscal Court is required to make monthly principal payments of \$67. The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	798
2025	798
2026	798
Total Minimum Lease Payments	<u>\$ 2,394</u>

3. Jail

On July 1, 2018, the Knott County Fiscal Court entered into a 20-year lease agreement as lessee on a jail bond treated as rent paid. As of June 30, 2023, the value of the lease liability was \$1,692,683. The Knott County Fiscal Court is required to make monthly principal payments of \$11,309. The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 602,710
2025	118,892
2026	78,401
2027	78,599
2028	77,717
2029-2033	385,650
2034-2038	350,714
Total Minimum Lease Payments	<u>\$1,692,683</u>

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 5. Short-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation – Flood Relief

On September 14, 2022, the Knott County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties. The purpose of this lease is to provide financial assistance for flood damaged property. The term of this agreement shall be \$300,000 for 12 months, at an interest rate of 3.74% lease beginning on September 14, 2022, and ending on August 20, 2023. This lease was paid in full on March 8, 2023.

2. Financing Obligation – Flood Repairs

On October 19, 2022, the Knott County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties. The purpose of this lease is to provide alternative space for flood damaged property. The term of this agreement shall be \$1,000,000 for eight months, at an interest rate of 4.95% lease beginning October 19, 2022, and ending June 21, 2023. This lease was paid in full on March 28, 2023.

B. Changes In Short-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$	\$ 1,300,000	\$ 1,300,000	\$	\$
Total Short-term Debt	\$ 0	\$ 1,300,000	\$ 1,300,000	\$ 0	\$ 0

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation – Refinancing – 2021 Series B

The Knott County Fiscal Court received lease proceeds in the amount of \$4,400,000 to pay off series 2015 financing obligation for the sportsplex. Lease principal payments are due in annual installments with the interest payable in semi-annual installments, beginning June 10, 2021. Interest accrues at 2.4 percent. In case of default, the lessor may (a) by appropriate court action, enforce the pledge set forth in this lease so that during the remaining lease term there is levied on all the taxable property of the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to the pay the lease rental payments when and as due, (b) take legal title to, and sell or re-lease the project or any portion thereof, or (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof.

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

1. Financing Obligation – Refinancing – 2021 Series B (Continued)

As of June 30, 2023, the remaining principal balance outstanding was \$4,100,000. Payments for the remaining years are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	\$ 325,000	\$ 88,025
2025	335,000	81,425
2026	330,000	74,775
2027	340,000	68,075
2028	355,000	61,125
2029-2033	930,000	223,809
2034-2038	<u>1,485,000</u>	<u>102,064</u>
Totals	<u>\$ 4,100,000</u>	<u>\$ 699,298</u>

2. Financing Obligation – Flood Relief

On April 6, 2021, the Knott County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties. The purpose of this lease is to provide alternative space for flood damaged property. The principal component of lease payments shall be \$500,000. The term of this agreement shall be from date of closing through June 27, 2027, with no principal component or interest component collected through June 31, 2022, nor will any interest accrue through June 31, 2022. Beginning on July 1, 2022, the interest component of lease payments shall be the annual rate of 3.74%. In case of default, the lessor may terminate the agreement immediately upon occurrence of any of the following: lessee fails to pay when due any of the payments, or to perform, or rectify breach of, any obligation assumed by the lessee in this agreement. The lessee makes an assignment for the benefit of creditors, or is subject to any receivership, insolvency, or bankruptcy proceedings. Any other event which causes the lessor, in good faith, to deem itself insecure. Whenever any event of default occurs, the lessor may, without any further demand or notice, terminate the lease term and give notice to the lessee to vacate or surrender the project assets within seven days from the date of such notice; exercise all the rights and remedies of a secured party under the Kentucky Uniform Commercial Code, with respect to the project assets, and may otherwise repossess and liquidate or realize foreclose upon the project assets in lawful manner; sell or re-lease the project or any portion thereof; recover from the lessee lease payments which would otherwise have been payable hereunder during any period in which the lessee continues to use, occupy or retain possession of the project assets. As of June 30, 2023, the remaining principal balance outstanding was \$0.

3. Financing Obligation – Flood Relief

On March 8, 2023, the Knott County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties. The purpose of this lease is to provide alternative space for flood damaged property. The principal component of lease payments shall be \$4,000,000. The term of this agreement shall be from date of closing through March 20, 2025, with no principal component until maturity. Beginning on March 8, 2023, the interest component of lease payments shall be the annual rate of 8.15%.

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Financing Obligation – Flood Relief (Continued)

In case of default, the lessor may terminate agreement immediately upon occurrence of any of the following: the lessee fails to make any lease payment (or other payment) as it becomes due in accordance with the terms of this lease, to perform or observe any other covenant, condition, or agreement to be performed any obligation assumed by the lessee in this agreement, any material respect. Whenever any event of default occurs, the lessor may, at its option, exercise any one or more of the following remedies; enforce pledge so that during the remaining lease term there is levied on all taxable property in the lessee, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount to pay the lease payments when and as due; by written notice to the lessee, enter and take immediate possession of the project; sell or lease the project or sublease it for the account of the lessee, holding the lessee liable for all lease payments and other payments due during the remaining lease term to the extent that such selling, leasing or subleasing fails to provide amounts which are sufficient to pay the remaining lease payments when due, with any proceeds of the sale of the project being applied first to all past due lease payments and then to the portion of the lease payments applicable to the principal component in inverse order of their due date; and exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law or proceed by appropriate court action to enforce the terms of this lease or to recover damages for the breach of this lease or to rescind this lease as to any or all of the project, including, but not limited to, any one or more remedial steps available to secured parties under Article 9 of the UCC and which are otherwise accorded to the lessor by applicable law. As of June 30, 2023, the remaining principal balance outstanding was \$4,000,000.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$	\$ 326,849
2025	4,000,000	244,712
Totals	<u>\$ 4,000,000</u>	<u>\$ 571,561</u>

4. Financing Obligation – Sports Complex

The Knott County Fiscal Court entered into a lease agreement with Kentucky Association of Counties issued \$1,212,265 in revenue bonds dated November 15, 2017. The bonds were issued for roads and a building as well as improvements at the sportsplex. The bonds are payable in annual installments with the interest payable in semi-annual installments, beginning December 20, 2017. Interest accrues at a rate of 2.71 percent. In case of default, the lessor may (a) by appropriate court action, enforce the pledge set forth in this lease so that during the remaining lease term there is levied on all the taxable property of the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to the pay the lease rental payments when and as due, (b) take legal title to, and sell or re-lease the project or any portion thereof, or (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof.

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. Financing Obligation –Sports Complex (Continued)

As of June 30, 2023, the principal balance outstanding was \$855,000. Payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 55,000	\$ 38,523
2025	55,000	35,635
2026	70,000	32,372
2027	70,000	28,698
2028	70,000	25,023
2029-2033	535,000	24,183
Totals	<u>\$ 855,000</u>	<u>\$ 184,434</u>

B. Other Debt

1. First Mortgage Refunding Revenue Bonds

The Knott County Kentucky Justice Center Corporation issued \$4,085,000 First Mortgage Refunding Revenue bonds dated October 19, 2011. The bonds are payable in annual installments with the interest payable in semi-annual installments, beginning April 1, 2012. Interest accrues at rates of 1.0% to 3.25%. In the event of default, the loan is secured by the property being financed and foreclosure upon said property would take place. As of June 30, 2023, the principal balance outstanding was \$0.

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 5,280,000	\$ 4,000,000	\$ 325,000	\$ 8,955,000	\$ 380,000
Revenue Bonds	465,000		465,000		
Total Long-term Debt	<u>\$ 5,745,000</u>	<u>\$ 4,000,000</u>	<u>\$ 790,000</u>	<u>\$ 8,955,000</u>	<u>\$ 380,000</u>

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations on June 30, 2023, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2024	\$ 380,000	\$ 453,397
2025	4,390,000	361,772
2026	400,000	107,147
2027	410,000	96,773
2028	425,000	86,148
2029-2033	1,465,000	247,992
2034-2038	1,485,000	102,064
Totals	<u>\$ 8,955,000</u>	<u>\$ 1,455,293</u>

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). 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. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$527,351, FY 2022 was \$632,306, and FY 2023 was \$687,626.

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 Ky. Ret. Sys. insurance fund.

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

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

The employer contribution rate is set annually by the Ky. Ret. Sys. 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 26.79 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 Ky. Ret. Sys. 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 49.59 percent.

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(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:

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

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

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

Benefits are covered under KRS 78.5536.

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 78.5536. Tier 3 members are not covered by the same provisions.

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(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 Ky. Ret. Sys. 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, KPPA 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.

G. Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report

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

KPPA also issues 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.

KNOTT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Deferred Compensation

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

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

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

Note 9. Health Reimbursement Account/Flexible Spending Account

The Knott County Fiscal Court established a flexible spending account to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The county contributes \$2,000 to each employee. The employees' accounts are credited each month throughout the fiscal year.

Note 10. Insurance

For the fiscal year ended June 30, 2023, the Knott County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Prior Period Adjustment

The beginning balance of the General Fund was decreased by \$176 to account for a prior year omission.

Note 12. Payroll Revolving Account

The reconciled balance of the Payroll Revolving Account as of June 30, 2023, was added to the General Fund cash balance for financial reporting purposes.

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,942,850	\$ 2,012,601	\$ 1,777,110	\$ (235,491)
In Lieu Tax Payments	13,300	23,613	23,613	
Excess Fees	115,000	115,000	22,300	(92,700)
Intergovernmental	304,700	510,562	503,507	(7,055)
Charges for Services	125,000	214,663	189,662	(25,001)
Miscellaneous	244,100	1,948,111	1,920,441	(27,670)
Interest	2,800	48,889	45,788	(3,101)
Total Receipts	<u>2,747,750</u>	<u>4,873,439</u>	<u>4,482,421</u>	<u>(391,018)</u>
DISBURSEMENTS				
General Government	1,067,050	2,242,590	1,996,818	245,772
Protection to Persons and Property	1,500	171,500	150,627	20,873
Social Services	7,500	41,200	37,593	3,607
Debt Service	3,172	3,172	3,172	
Capital Projects		706,000	706,000	
Administration	988,277	1,597,157	1,094,412	502,745
Total Disbursements	<u>2,067,499</u>	<u>4,761,619</u>	<u>3,988,622</u>	<u>772,997</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>680,251</u>	<u>111,820</u>	<u>493,799</u>	<u>381,979</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	223,214	289,928	66,714	(223,214)
Transfers To Other Funds	<u>(1,073,465)</u>	<u>(1,453,565)</u>	<u>(1,155,000)</u>	<u>298,565</u>
Total Other Adjustments to Cash (Uses)	<u>(850,251)</u>	<u>(1,163,637)</u>	<u>(1,088,286)</u>	<u>75,351</u>
Net Change in Fund Balance	(170,000)	(1,051,817)	(594,487)	457,330
Fund Balance - Beginning (Restated)	<u>170,000</u>	<u>1,051,817</u>	<u>1,051,817</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 457,330</u>	<u>\$ 457,330</u>

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,932,234	\$ 9,940,336	\$ 9,923,623	\$ (16,713)
Miscellaneous	1,500	18,720	44,221	25,501
Interest	4,500	109,241	103,689	(5,552)
Total Receipts	<u>1,938,234</u>	<u>10,068,297</u>	<u>10,071,533</u>	<u>3,236</u>
DISBURSEMENTS				
Roads	1,551,050	10,662,800	9,892,425	770,375
Debt Service	583,948	2,161,948	1,612,093	549,855
Capital Projects	85,000	515,000	477,090	37,910
Administration	180,022	2,492,123	199,386	2,292,737
Total Disbursements	<u>2,400,020</u>	<u>15,831,871</u>	<u>12,180,994</u>	<u>3,650,877</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(461,786)</u>	<u>(5,763,574)</u>	<u>(2,109,461)</u>	<u>3,654,113</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	500,000	5,300,000	5,300,000	
Transfers From Other Funds		366,455	366,455	
Transfers To Other Funds	<u>(223,214)</u>	<u>(223,214)</u>		<u>223,214</u>
Total Other Adjustments to Cash (Uses)	<u>276,786</u>	<u>5,443,241</u>	<u>5,666,455</u>	<u>223,214</u>
Net Change in Fund Balance	(185,000)	(320,333)	3,556,994	3,877,327
Fund Balance - Beginning	<u>185,000</u>	<u>320,333</u>	<u>320,333</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,877,327</u>	<u>\$ 3,877,327</u>

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 113,250	\$ 119,250	\$ 92,602	\$ (26,648)
Miscellaneous	750	750	74	(676)
Interest	400	1,746	1,746	
Total Receipts	114,400	121,746	94,422	(27,324)
DISBURSEMENTS				
Protection to Persons and Property	772,908	783,008	541,512	241,496
Administration	64,892	70,901	50,587	20,314
Total Disbursements	837,800	853,909	592,099	261,810
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(723,400)	(732,163)	(497,677)	234,486
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	718,400	718,400	500,000	(218,400)
Total Other Adjustments to Cash (Uses)	718,400	718,400	500,000	(218,400)
Net Change in Fund Balance	(5,000)	(13,763)	2,323	16,086
Fund Balance - Beginning	5,000	13,763	13,763	
Fund Balance - Ending	\$ 0	\$ 0	\$ 16,086	\$ 16,086

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 742,500	\$ 2,109,341	\$ 2,099,812	\$ (9,529)
Charges for Services	265,001	802,332	759,703	(42,629)
Miscellaneous	336,200	338,011	291,953	(46,058)
Interest	1,800	30,805	29,405	(1,400)
Total Receipts	1,345,501	3,280,489	3,180,873	(99,616)
DISBURSEMENTS				
General Government	30,050	52,200	43,409	8,791
Protection to Persons and Property	175,126	206,126	192,762	13,364
General Health and Sanitation	187,600	331,150	284,234	46,916
Social Services	143,050	205,050	194,490	10,560
Recreation and Culture	654,700	1,324,050	1,208,632	115,418
Roads	61,500	61,500	3,670	57,830
Administration	297,640	1,391,298	282,920	1,108,378
Total Disbursements	1,549,666	3,571,374	2,210,117	1,361,257
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(204,165)	(290,885)	970,756	1,261,641
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	168,165	168,165	89,500	(78,665)
Total Other Adjustments to Cash (Uses)	168,165	168,165	89,500	(78,665)
Net Change in Fund Balance	(36,000)	(122,720)	1,060,256	1,182,976
Fund Balance - Beginning	36,000	122,720	122,720	
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,182,976	\$ 1,182,976

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	STATE GRANT FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 357,663	\$ 742,084	\$ 742,084	\$
Miscellaneous	1,000	1,000		(1,000)
Interest	750	8,811	8,599	(212)
Total Receipts	359,413	751,895	750,683	(1,212)
DISBURSEMENTS				
General Government	75	75		75
Protection to Persons and Property	55,000	55,000		55,000
General Health and Sanitation	200	200		200
Social Services	14,000	22,000	18,229	3,771
Recreation and Culture	300	300		300
Administration	7,075	207,532		207,532
Total Disbursements	76,750	285,207	18,229	266,978
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	282,663	466,688	732,454	265,766
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		131,500	130,000	(1,500)
Transfers To Other Funds	(292,663)	(620,663)	(620,663)	
Total Other Adjustments to Cash (Uses)	(292,663)	(489,163)	(490,663)	(1,500)
Net Change in Fund Balance	(10,000)	(22,475)	241,791	264,266
Fund Balance - Beginning	10,000	22,475	22,475	
Fund Balance - Ending	\$ 0	\$ 0	\$ 264,266	\$ 264,266

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	FEDERAL GRANT FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,715,000	\$ 1,715,000	\$ 300,159	\$ (1,414,841)
Charges for Services				
Total Receipts	1,715,000	1,715,000	300,159	(1,414,841)
DISBURSEMENTS				
General Health and Sanitation	1,501,000	1,451,000	51,159	1,399,841
Capital Projects	214,000	214,000	199,000	15,000
Administration	225	214		214
Total Disbursements	1,715,225	1,665,214	250,159	1,415,055
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(225)	49,786	50,000	214
Other Adjustments to Cash (Uses)				
Transfers To Other Funds		(50,000)	(50,000)	
Total Other Adjustments to Cash (Uses)		(50,000)	(50,000)	
Net Change in Fund Balance	(225)	(214)		214
Fund Balance - Beginning	225	214	214	
Fund Balance - Ending	\$ 0	\$ 0	\$ 214	\$ 214

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

EMERGENCY MANAGEMENT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 28,000	\$ 1,529,119	\$ 1,525,128	\$ (3,991)
Interest	55	7,351	7,350	(1)
Total Receipts	28,055	1,536,470	1,532,478	(3,992)
DISBURSEMENTS				
Roads	10,200	10,200		10,200
Administration	55	1,468,649		1,468,649
Total Disbursements	10,255	1,478,849		1,478,849
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	17,800	57,621	1,532,478	1,474,857
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(18,000)	(57,955)	(57,955)	
Total Other Adjustments to Cash (Uses)	(18,000)	(57,955)	(57,955)	
Net Change in Fund Balance	(200)	(334)	1,474,523	1,474,857
Fund Balance - Beginning	200	334	334	
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,474,857	\$ 1,474,857

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

FORESTRY FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,515	\$ 3,821	\$ 3,247	\$ (574)
Interest	115	414	349	(65)
Total Receipts	<u>3,630</u>	<u>4,235</u>	<u>3,596</u>	<u>(639)</u>
DISBURSEMENTS				
Protection to Persons and Property	4,108	4,108	2,118	1,990
Administration	6,522	7,268		7,268
Total Disbursements	<u>10,630</u>	<u>11,376</u>	<u>2,118</u>	<u>9,258</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(7,000)</u>	<u>(7,141)</u>	<u>1,478</u>	<u>8,619</u>
Net Change in Fund Balance	(7,000)	(7,141)	1,478	8,619
Fund Balance - Beginning	<u>7,000</u>	<u>7,141</u>	<u>7,141</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,619</u>	<u>\$ 8,619</u>

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

SPORTS COMPLEX FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Charges for Services	\$ 216,000	\$ 257,452	\$ 204,562	\$ (52,890)
Miscellaneous	7,500	18,055	15,055	(3,000)
Interest	300	1,830	1,717	(113)
Total Receipts	223,800	277,337	221,334	(56,003)
DISBURSEMENTS				
Recreation and Culture	361,750	601,550	540,207	61,343
Administration	69,450	81,247	69,125	12,122
Total Disbursements	431,200	682,797	609,332	73,465
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(207,400)	(405,460)	(387,998)	17,462
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	204,900	400,000	400,000	
Total Other Adjustments to Cash (Uses)	204,900	400,000	400,000	
Net Change in Fund Balance	(2,500)	(5,460)	12,002	17,462
Fund Balance - Beginning	2,500	5,460	5,460	
Fund Balance - Ending	\$ 0	\$ 0	\$ 17,462	\$ 17,462

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

E-911 FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 92,000	\$ 92,000	\$ 76,714	\$ (15,286)
Miscellaneous	100	100		(100)
Interest	625	999	941	(58)
Total Receipts	92,725	93,099	77,655	(15,444)
DISBURSEMENTS				
Protection to Persons and Property	89,000	123,500	109,668	13,832
Administration	23,725	42,093	21,724	20,369
Total Disbursements	112,725	165,593	131,392	34,201
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(20,000)	(72,494)	(53,737)	18,757
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		55,000	55,000	
Total Other Adjustments to Cash (Uses)		55,000	55,000	
Net Change in Fund Balance	(20,000)	(17,494)	1,263	18,757
Fund Balance - Beginning	20,000	17,494	17,494	
Fund Balance - Ending	\$ 0	\$ 0	\$ 18,757	\$ 18,757

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

AMERICAN RESCUE PLAN ACT FUND				
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,438,000	\$ 1,438,000	\$	\$ (1,438,000)
Interest	5,000	5,000	154	(4,846)
Total Receipts	<u>1,443,000</u>	<u>1,443,000</u>	<u>154</u>	<u>(1,442,846)</u>
DISBURSEMENTS				
General Health and Sanitation	200,000	330,000	326,373	3,627
Administration	<u>1,328,000</u>	<u>1,439,219</u>		<u>1,439,219</u>
Total Disbursements	<u>1,528,000</u>	<u>1,769,219</u>	<u>326,373</u>	<u>1,442,846</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(85,000)</u>	<u>(326,219)</u>	<u>(326,219)</u>	
Other Adjustments to Cash (Uses)				
Transfers To Other Funds		(16,714)	(16,714)	
Total Other Adjustments to Cash (Uses)		<u>(16,714)</u>	<u>(16,714)</u>	
Net Change in Fund Balance	(85,000)	(342,933)	(342,933)	
Fund Balance - Beginning	<u>85,000</u>	<u>342,933</u>	<u>342,933</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

OPIOID FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Charges for Services	\$	\$ 221,188	\$ 221,188	\$
Interest		158	134	(24)
Total Receipts		221,346	221,322	(24)
DISBURSEMENTS				
Administration		221,346		221,346
Total Disbursements		221,346		221,346
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			221,322	221,322
Net Change in Fund Balance			221,322	221,322
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 221,322	\$ 221,322

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

CLERK STORAGE FUND			
	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
RECEIPTS			
Miscellaneous	\$	\$ 14,130	\$ 14,130 \$
Interest		10	6 (4)
Total Receipts		14,140	14,136 (4)
DISBURSEMENTS			
General Government		2,360	1,980 380
Administration		11,780	11,780
Total Disbursements		14,140	1,980 12,160
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			12,156 12,156
Net Change in Fund Balance			12,156 12,156
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 12,156 \$ 12,156

KNOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

DEBT SERVICE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 474,556	\$ 474,556	\$ 472,556	\$ (2,000)
Interest			7	7
Total Receipts	474,556	474,556	472,563	(1,993)
DISBURSEMENTS				
Debt Service	767,219	767,219	765,219	2,000
Total Disbursements	767,219	767,219	765,219	2,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(292,663)	(292,663)	(292,656)	7
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	292,663	292,663	292,663	
Total Other Adjustments to Cash (Uses)	292,663	292,663	292,663	
Net Change in Fund Balance			7	7
Fund Balance - Beginning			271	271
Fund Balance - Ending	\$ 0	\$ 0	\$ 278	\$ 278

KNOTT COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, 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.

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

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

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KNOTT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2023

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KNOTT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2023

Knott Fiscal Court 7/1/2022 to 6-30-23	2023			
Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Sub recipient	Total Federal Expenditures
<u>U. S. Department of Health and Human Services</u>				
USDA		61-6000820		17,738
<i>Passed-Through State Department for Aging and Independent Living KRADD</i>				
Program Name Nutrition Incentive Program	93.053	PON2 1700002624 4	\$ -	\$ 17,738
Senior Food Program				
Total U.S. Department of Health and Human Services			-	17,738
<u>U. S. Department of Health and Human Services</u>				
USDA		61-6000820		97,734
<i>Passed-Through State Department for Aging and Independent Living KRADD</i>				
Program Name Nutrition Incentive Program	93.045	PON2 1700002624 4	\$ -	\$ 97,734
Senior Food Program				
Total U.S. Department of Health and Human Services			-	97,734
<u>U. S. Department of Homeland Security</u>				
FEMA		61-6000820		7,796,863
<i>Passed-Through State Department Military Affairs</i>				
Program Name Disaster Grants Public Assistance	97.036	na	\$ -	\$ 7,796,863
Disaster Grants				
Total U.S. Department of Homeland Security			-	7,796,863
<u>U. S. Department of Interior</u>				
Abandoned Mine Land		61-6000820		51,159
Program Name Abandoned Mine Land Relcaimation	15.260	na	\$ -	\$ 51,159
Economic Development				
Total U.S. Department of Interior			-	51,159
<u>U. S. Department of Homeland Security</u>				
FEMA				
<i>Passed-Through State Department Military Affairs</i>		61-6000820		18,190
Program Name Emergency Mngt Performance Grants	97.042	Po2 0951600021481	\$ -	\$ 18,190
EMS Reimbursement				
Total U.S. Department of Homeland Security			-	18,190
<u>U.S. Department of Housing and Urban Development</u>				
CDGB Block Grant		61-6000820	190,000	199,000
<i>Passed-Through State Department for Local Government</i>				
Program Name Community Development Block Grants	14.228	16-043	\$ 190,000	\$ 199,000
Hickory Hill				
Total U.S. Department of Housing and Urban Development			190,000	199,000

The accompanying notes are an integral part of this schedule.

KNOTT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023
(Continued)

U.S. Department of Treasury				
Coronavirus Relief Fund		61-6000820		326,373
<i>Passed-Through State Department for Local Government</i>				
ARPA	21.027		\$ -	\$ 326,373
Total U.S. Department of Transportation			-	326,373
U.S. Department of Treasury				
Local Assistance & Tribal Consistency Fund		61-6000820		50,000
LATCF	21.032		\$ -	\$ 50,000
Total U.S. Department of Treasury			-	50,000
Total U.S. Department of _____			-	-
Total Expenditures of Federal Awards			\$ 190,000	\$ 8,557,056

Remove if there are no non-cash expenditures

Guidance: AICPA Audit Guide , Updated April 1, 2016


 Kevin Jacobs KCFC Treasurer

The accompanying notes are an integral part of this schedule.

KNOTT COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Knott County, Kentucky under programs of the federal government for the year ended June 30, 2023. 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 Knott County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Knott 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

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

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KNOTT COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

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KNOTT COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 1,094,505	\$ 100,000	\$	\$ 1,194,505
Buildings and Improvements	27,208,173	1,060,095	2,217,244	26,051,024
Vehicles and Equipment	2,911,453	1,806,049	1,799,310	2,918,192
Infrastructure	13,285,829	8,208,891		21,494,720
 Total Capital Assets	 <u>\$ 44,499,960</u>	 <u>\$ 11,175,035</u>	 <u>\$ 4,016,554</u>	 <u>\$ 51,658,441</u>

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

June 30, 2023

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Buildings and Building Improvements	\$ 10,000	10-20
Vehicles and Equipment	\$ 10,000	5
Infrastructure	\$ 10,000	5-10

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Jeff Dobson, Knott County Judge/Executive
Members of the Knott County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Knott County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Knott County Fiscal Court's financial statement and have issued our report thereon dated March 7, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.



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)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Knott County Fiscal Court's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on Knott County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on the response.

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,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 7, 2025

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Jeff Dobson, Knott County Judge/Executive
Members of the Knott County Fiscal Court

Report on Compliance for Each Major Federal Program

Disclaimer of Opinion

We were engaged to audit the Knott County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Knott County Fiscal Court's major federal programs for the year ended June 30, 2023. The Knott 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.

Disclaimer of Opinion on ALN 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

We do not express an opinion on Knott County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Major Federal Program ALN 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters). Because of the significance of the matters described in the Basis for Disclaimer of Opinion of ALN 97.036 paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the compliance requirements referred to above that could have a direct and material effect on the Knott County Fiscal Court's major federal program Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the fiscal year ended June 30, 2023.

Basis for Disclaimer of Opinion of ALN 97.036

The absence of effective internal controls, oversight, and review procedures over this major program created an environment in which funds were expended without adequate supporting documentation to ensure that program expenditures were within the scope of the award. Based on these conditions, we determined the fraud risk to be too high and were unable to apply other procedures to mitigate this risk. The significance of these matters, in the aggregate, prevents us from placing reliance on the Schedule of Expenditures of Federal Awards and from expressing an opinion on the compliance requirements referred to above related to this major federal program ALN 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2023. The matters are further described in finding number 2023-003 in the accompanying Schedule of Findings and Questioned Costs.



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

Report on Compliance for Each Major Federal Program (Continued)

Basis for Disclaimer of Opinion of ALN 97.036 (Continued)

We are required to be independent of the Knott County Fiscal Court and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We were unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Knott County Fiscal Court's compliance with the compliance requirements referred to above.

Compliance with such requirements is necessary, in our opinion, for the Knott County Fiscal Court to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Knott County Fiscal Court's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our responsibility is to conduct an audit of compliance in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on ALN 97.036 section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of the Knott County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

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

Report on Internal Control Over Compliance (Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 to be a material weakness.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Knott County Fiscal Court's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Knott County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 7, 2025

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KNOTT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2023

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KNOTT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2023

Section I: Summary of Auditor's Results

Financial Statement

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP:
 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 checked="" type="checkbox"/> Yes	<input 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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: Disclaimer of Opinion		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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

KNOTT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

Section II: Financial Statement Findings

Internal Control - Significant Deficiencies

2023-001 The Knott County Fiscal Court Does Not Have Adequate Internal Controls At The Knott County Sportsplex

This is a repeat finding and was included in the prior year audit report as finding 2022-001. Our review of the receipts and disbursement process for the Knott County Sportsplex revealed weaknesses in internal controls that should be addressed. The Knott County Sportsplex collects money for rental fees, membership fees, concessions, front door ticket sales, driving range, arcades, advertisements, and vending machines. During basketball season, referees are paid out of the front door cash receipts. The sportsplex director calculates the sales report and deposit, faxes the daily checkout sheet to the county treasurer, and makes the daily deposit. If referees are paid out of the cash drawer, the amount is listed on the daily checkout sheet to reduce cash receipts from the day's business.

The fiscal court did not implement good internal controls over receipts. Because internal controls are not in place for receipts, money could be misappropriated and go undetected.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual* requires, "[d]isbursements by check only." Good internal controls over cash receipts help safeguard assets from employee theft, robbery, and unauthorized use. Good internal controls also enhance the accuracy and reliability of accounting records by reducing the risk of errors, intentional mistakes, and misrepresentations in the accounting process.

KRS 68.275(1) states, "[c]laims against the county that are within the amount of line items of the county budget and arise pursuant to contracts duly authorized by the fiscal court shall be paid by the county judge/executive by a warrant drawn on the county and co-signed by the county treasurer." KRS 68.275(2) states, "[t]he county judge/executive shall present all claims to the fiscal court for review prior to payment and the court, for good cause shown, may order that a claim not be paid."

Due to the high volume of cash transactions and not accounting for significant amounts of revenue, we recommend all disbursements paid to referees be made by check only.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Court has implemented various controls to help this situation, for example a point of sale system. The Court is always trying to increase internal controls at the Sportsplex.

2023-002 The Fiscal Court Lacks Adequate Internal Controls At The Mine Made Adventure Park And Campground

This is a repeat finding and was included in the prior year audit report as finding 2022-002. A review of the receipts process for the Knott County Mine Made Adventure Park and Campground revealed weaknesses in internal controls that should be addressed. The Knott County Mine Made Adventure Park and Campground collects money for campsite and cabin rentals, RV storage rentals, parking fees for ATV rides, and sells shirts, ice, and firewood. One employee oversees the operations, which involves collecting, reconciling, and depositing money into the bank on a weekly basis instead of daily.

KNOTT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

Section II: Financial Statement Findings (Continued)

Internal Control - Significant Deficiencies (Continued)

2023-002 The Fiscal Court Lacks Adequate Internal Controls At The Mine Made Adventure Park And Campground (Continued)

The fiscal court did not implement good internal controls over receipts. Because internal controls are not in place for receipts, money could be misappropriated and go undetected. Good internal controls over cash receipts help safeguard assets from employee theft, robbery, and unauthorized use. Good internal controls also enhance the accuracy and reliability of accounting records by reducing the risk of errors, intentional mistakes, and misrepresentations in the accounting process.

Due to the high volume of cash transactions, we recommend the county issue pre-numbered receipts for all monies collected, including rentals and sales. Also, we recommend depositing money into the bank daily instead of on a weekly basis.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Court has implemented various controls to help this situation, for example a point of sales system. The Court is always trying to increase internal controls at the Mine Made Park.

Section III: Federal Award Findings And Questioned Costs

2022-003 Knott County Fiscal Court Did Not Maintain Proper FEMA Documentation

Federal Program: Assistance Listing #97.036 FEMA Public Assistance Program

Award Number and Year: FEMA-4663DRKYP00000001 2022

Name of Federal Agency and Pass-Thru Agency: U. S. Department of Homeland Security and State Department of Military Affairs

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

Type of Finding: Material Weakness, Noncompliance

Amount of Questioned Costs: \$1,212,805

COVID Related: No

Knott County had severe flooding in July of 2022. This event qualified Knott County Fiscal Court to receive federal funding to recover from the disaster. Paperwork is maintained to document and track work that is necessary and to determine the portion eligible for coverage by FEMA. The fiscal court did not maintain proper FEMA documentation. Out of 36 disbursements tested, 11 did not have any accompanying information that would detail the expected scope of work or cost. The 11 disbursements that did not have appropriate documentation totaled \$1,212,805 in questioned cost. The fiscal court has not sufficiently overseen the expenditure of federal funds and did not prioritize the implementation of an effective internal control system. Tracking of the FEMA projects was consistently executed on completed projects but was not available for the in-progress projects that were tested.

KNOTT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

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

2022-003 Knott County Fiscal Court Did Not Maintain Proper FEMA Documentation (Continued)

The lack of documentation to appropriately connect the disbursements to FEMA authorized work resulted in the determination that the county was not in compliance with the applicable attributes. An inaccurate implementation of controls and the lack of management oversight and involvement can cause noncompliance with federal requirements and jeopardize the fiscal court's future funding. The lack of appropriate documentation also prevented the ability to rely on supplementary information, such as the Schedule of Expenditures of Federal Awards.

2 CFR part 200 Uniform Administrative Requirements, Cost Principles, And Audit Requirements For Federal Awards provides guidance on Federal regulations pertaining to Federal Awards.

2 CFR 200.306, regarding cost sharing or matching, states that any shared costs or matching funds must meet all of the following criteria: verifiable from the non-Federal entity's records; not included as contributions for any other Federal award; necessary and reasonable for accomplishment of project or program objectives; allowable under subpart E of this part; not paid by the Federal Government under another Federal award except where allowed; provided for in the approved budget when required by the Federal awarding agency; and conform to other provisions of this part, as applicable.

2 CFR 200.318(i), regarding general procurement standards, requires Non-Federal entities to maintain records sufficient to detail the history of procurement. These records will include, but are not limited to, the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

2 CFR 200.329, concerning monitoring and reporting program performance, states that the non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function, or activity.

We recommend the Knott County Fiscal Court implement adequate internal controls to ensure federal compliance requirements are met. In addition, the fiscal court should maintain documentation for all project activity to effectively track work that is necessary and to determine the portion eligible for coverage under Federal programs.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: To be clear the documents had to be presented to FEMA to get reimbursement, this was done. The Fiscal Court will endeavor to make sure the FEMA files are updated and complete after FEMA reimbursement.

KNOTT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

Section IV: Summary Schedule of Prior Audit Findings

Finding Number	Prior Year Finding Title	Status	Corrective Action
2022-001	The Knott County Fiscal Court Does Not Have Adequate Internal Controls At The Knott County Sportsplex	Unresolved	We have numerous controls in place. The auditors are unwilling or unable to tell us how to fix the problem.
2022-002	The Knott County Fiscal Court Does Not Have Adequate Internal Controls At The Mine Made Adventure Park And Campground	Unresolved	We have numerous controls in place. The auditors are unwilling or unable to tell us how to fix the problem.

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

KNOTT COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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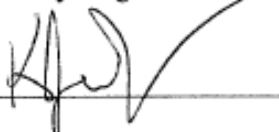
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
KNOTT COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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



County Judge/Executive



County Treasurer