

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

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



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Bobby C. Rogers, Bath County Judge/Executive
Members of the Bath County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Bath County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Bath County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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



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

As described in Note 1 of the financial statement, the financial statement is prepared by the Bath County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Bath County Fiscal Court as of June 30, 2020, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Bath County Fiscal Court as of June 30, 2020, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary and Other Information

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

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

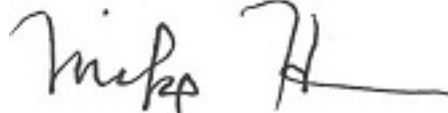
The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

To the People of Kentucky
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2021, on our consideration of the Bath County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bath County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

July 22, 2021

BATH COUNTY OFFICIALS
For The Year Ended June 30, 2020

Fiscal Court Members:

Bobby C. Rogers	County Judge/Executive
Millard Petitt III	Commissioner
Jimmy Craig	Commissioner
Jamie Cline	Commissioner

Other Elected Officials:

Kim Hunt Price	County Attorney
Earl Willis	Jailer
Roger Coyle	County Clerk
Claudette Faudere	Circuit Court Clerk
Jessie Stewart	Sheriff
Jacky Watson	Property Valuation Administrator
Andrew Owens	Coroner

Appointed Personnel:

Julie Cline	County Treasurer
Taylor Everman	Finance Officer

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

For The Year Ended June 30, 2020

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

For The Year Ended June 30, 2020

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 487,764	\$	\$
In Lieu Tax Payments	41,128	38,236	
Excess Fees	37,583		
Licenses and Permits	152,736		
Intergovernmental	230,646	1,625,264	107,654
Charges for Services			2,674
Miscellaneous	87,229	37,018	61
Interest	286	477	37
Total Receipts	<u>1,037,372</u>	<u>1,700,995</u>	<u>110,426</u>
DISBURSEMENTS			
General Government	630,500		
Protection to Persons and Property	46,498		470,637
General Health and Sanitation	43,485		
Social Services	9,700		
Recreation and Culture	13,731		
Roads		1,170,037	
Debt Service	157,745	22,990	
Capital Projects	56,555		
Administration	535,201	229,448	32,450
Total Disbursements	<u>1,493,415</u>	<u>1,422,475</u>	<u>503,087</u>
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	<u>(456,043)</u>	<u>278,520</u>	<u>(392,661)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	998,508	133,000	389,522
Transfers To Other Funds	<u>(426,000)</u>	<u>(356,000)</u>	
Total Other Adjustments to Cash (Uses)	<u>572,508</u>	<u>(223,000)</u>	<u>389,522</u>
Net Change in Fund Balance	116,465	55,520	(3,139)
Fund Balance - Beginning	<u>78,656</u>	<u>61,985</u>	<u>14,268</u>
Fund Balance - Ending	<u>\$ 195,121</u>	<u>\$ 117,505</u>	<u>\$ 11,129</u>
Composition of Fund Balance			
Bank Balance	\$ 202,124	\$ 117,505	\$ 11,129
Less: Outstanding Checks	<u>(7,003)</u>		
Fund Balance - Ending	<u>\$ 195,121</u>	<u>\$ 117,505</u>	<u>\$ 11,129</u>

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

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

<u>Budgeted Funds</u>			
<u>Waste Management Fund</u>	<u>Occupational Tax Fund</u>	<u>911 Fund</u>	<u>Total Funds</u>
\$ 101,098	\$ 975,710	\$ 110,527	\$ 1,675,099
			79,364
			37,583
32,199		9,016	193,951
		150,815	2,114,379
			2,674
1,471			125,779
23	780	43	1,646
<u>134,791</u>	<u>976,490</u>	<u>270,401</u>	<u>4,230,475</u>
	6,842		637,342
		224,861	741,996
119,661			163,146
			9,700
			13,731
			1,170,037
			180,735
			56,555
	170,702	85,706	1,053,507
<u>119,661</u>	<u>177,544</u>	<u>310,567</u>	<u>4,026,749</u>
<u>15,130</u>	<u>798,946</u>	<u>(40,166)</u>	<u>203,726</u>
7,500		46,000	1,574,530
(7,500)	(785,030)		(1,574,530)
	(785,030)	46,000	
15,130	13,916	5,834	203,726
3,681	4,480	16,052	179,122
<u>\$ 18,811</u>	<u>\$ 18,396</u>	<u>\$ 21,886</u>	<u>\$ 382,848</u>
\$ 18,811	\$ 18,396	\$ 27,604	\$ 395,569
		(5,718)	(12,721)
<u>\$ 18,811</u>	<u>\$ 18,396</u>	<u>\$ 21,886</u>	<u>\$ 382,848</u>

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

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TO THE FINANCIAL STATEMENT**

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BATH COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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.

Waste Management Fund - The primary purpose of this fund is to account for waste management activities.

Occupational Tax Fund - The primary purpose of this fund is to account for occupational taxes collected and disbursed.

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

D. Budgetary Information

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

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

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

E. Bath County Elected Officials

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

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

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

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

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2020.

	General Fund	Road Fund	Waste Fund	Occupational Tax Fund	Total Transfers In
General Fund	\$	\$ 356,000	\$ 7,500	\$ 635,008	\$ 998,508
Road Fund	133,000				133,000
Jail Fund	248,000			141,522	389,522
Waste Fund	5,000			2,500	7,500
911 Fund	40,000			6,000	46,000
Total Transfers Out	<u>\$ 426,000</u>	<u>\$ 356,000</u>	<u>\$ 7,500</u>	<u>\$ 785,030</u>	<u>\$ 1,574,530</u>

Reason for transfers:

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

Note 4. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Ballpark Project

On February 20, 2009, the Bath County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust to pay for improvements to the ballpark in the amount of \$444,000. The agreement requires 300 monthly payments at a variable interest rate to be paid in full on February 20, 2034. In the case of default, the balance becomes immediately due and litigation may be pursued to collect payment and associated fees. Principal outstanding as of June 30, 2020 was \$303,252. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 15,999	\$ 18,790
2022	16,798	17,781
2023	17,637	16,705
2024	18,519	15,595
2025	19,444	14,386
2026-2030	112,797	52,053
2031-2034	<u>102,058</u>	<u>13,430</u>
Totals	<u>\$ 303,252</u>	<u>\$ 148,740</u>

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

Note 4. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements

2. Compact Track Loader

On May 21, 2015, the Bath County Fiscal Court entered into a lease agreement with the CNH Industrial Capital America LLC for the purchase of a compact track loader in the amount of \$45,268. The agreement requires monthly principal and interest payments for a period of sixty months. In the case of default, the compact track loader is considered collateral. As of June 30, 2020, this lease agreement was paid in full.

3. Vehicles

On February 16, 2017, the Bath County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program to purchase three vehicles in the amount of \$87,370. The agreement requires 60 monthly payments at an interest rate of 2.7 percent to be paid in full on February 20, 2022. In the case of default, the vehicles are considered collateral. Principal outstanding as of June 30, 2020, was \$30,472. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 18,118	\$ 733
2022	12,354	153
Totals	<u>\$ 30,472</u>	<u>\$ 886</u>

4. Dump Truck

On July 26, 2016, the Bath County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program to purchase a dump truck in the amount of \$71,625. The agreement requires 60 monthly payments at an interest rate of 3.25 percent to be paid in full on July 20, 2021. In the case of default, the dump truck is considered collateral. Principal outstanding as of June 30, 2020, was \$16,511. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 15,220	\$ 311
2022	1,291	4
Totals	<u>\$ 16,511</u>	<u>\$ 315</u>

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

Note 4. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements

5. Dump Truck

On June 14, 2019, the Bath County Fiscal Court entered into a lease agreement with The Citizens Bank to refinance the short-term agreement issued on July 18, 2018. The agreement requires four annual payments at an interest rate of 4.50 percent to be paid in full on September 20, 2022. This is an unsecured agreement. In the case of default, the right to litigation and compensation of expenses incurred for the pursuit of payment are written as part of the agreement. Principal outstanding as of June 30, 2020, was \$203,675. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 90,682	\$ 9,318
2022	94,845	5,155
2023	18,148	828
Totals	<u>\$ 203,675</u>	<u>\$ 15,301</u>

6. Sheriff's Vehicle

On April 18, 2019, the Bath County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program to purchase a vehicle for the sheriff's office in the amount of \$36,000. The agreement requires 60 monthly payments at an interest rate of 4.95 percent to be paid in full on May 20, 2024. In the case of default, the vehicle is considered collateral. Principal outstanding as of June 30, 2020, was \$28,544. Future principal and interest requirement are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 6,342	\$ 1,165
2022	7,255	936
2023	7,622	569
2024	7,325	183
Totals	<u>\$ 28,544</u>	<u>\$ 2,853</u>

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

Note 4. Long-term Debt (Continued)

B. Aggregate Debt Schedule

The amounts of required principal and interest payments on long-term debt obligations at June 30, 2020, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2021	\$ 146,361	\$ 30,317
2022	132,543	24,029
2023	43,407	18,102
2024	25,844	15,778
2025	19,444	14,386
2026 - 2030	112,797	52,053
2031 - 2034	102,058	13,430
Total Long-term Debt	<u>\$ 582,454</u>	<u>\$ 168,095</u>

C. Changes In Long-term Debt

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

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 740,751	\$	\$ 158,297	\$ 582,454	\$ 146,361
Total Long-term Debt	<u>\$ 740,751</u>	<u>\$ 0</u>	<u>\$ 158,297</u>	<u>\$ 582,454</u>	<u>\$ 146,361</u>

Note 5. Employee Retirement System

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

The county's contribution for FY 2018 was \$241,171, FY 2019 was \$269,893, and FY 2020 was \$291,799.

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

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

Note 5. Employee Retirement System (Continued)

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

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

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

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

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

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

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

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

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

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

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

KRS Annual Financial Report and Proportionate Share Audit Report

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

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

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

Note 6. Deferred Compensation

In July 2005, the Bath 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 7. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to manufacturing companies for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Bath County Fiscal Court's name as issuer, the fiscal court has no obligations for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2020, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 8. Insurance

For the fiscal year ended June 30, 2020, the Bath County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 6, 2020, the Governor of Kentucky declared a state of emergency and subsequently ordered all nonessential businesses closed on March 26, 2020, until further notice. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the county's financial operations. Possible effects may include, but are not limited to, disruption to the county's revenue in the form of property and occupational tax collections and absenteeism in the county's labor work force. While the county expects this matter to negatively impact its financial operations, the related impact cannot be reasonably estimated at this time.

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

Note 10. Prior Period Adjustment

The beginning balance of long-term debt was restated by \$35,679 to account for debt that was erroneously omitted in the prior year.

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BATH COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

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BATH COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 517,000	\$ 522,871	\$ 487,764	\$ (35,107)
In Lieu Tax Payments	52,000	52,000	41,128	(10,872)
Excess Fees	26,500	37,583	37,583	
Licenses and Permits	152,250	152,536	152,736	200
Intergovernmental	201,862	245,381	230,646	(14,735)
Charges for Services	700	700		(700)
Miscellaneous	58,391	87,619	87,229	(390)
Interest	175	258	286	28
Total Receipts	<u>1,008,878</u>	<u>1,098,948</u>	<u>1,037,372</u>	<u>(61,576)</u>
DISBURSEMENTS				
General Government	607,300	686,415	630,500	55,915
Protection to Persons and Property	47,712	49,200	46,498	2,702
General Health and Sanitation	49,774	49,774	43,485	6,289
Social Services	11,600	11,600	9,700	1,900
Recreation and Culture	13,550	14,073	13,731	342
Debt Service	157,492	157,745	157,745	
Capital Projects		56,555	56,555	
Administration	632,330	631,122	535,201	95,921
Total Disbursements	<u>1,519,758</u>	<u>1,656,484</u>	<u>1,493,415</u>	<u>163,069</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(510,880)</u>	<u>(557,536)</u>	<u>(456,043)</u>	<u>101,493</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	478,880	478,880	998,508	519,628
Transfers To Other Funds			<u>(426,000)</u>	<u>(426,000)</u>
Total Other Adjustments to Cash (Uses)	<u>478,880</u>	<u>478,880</u>	<u>572,508</u>	<u>93,628</u>
Net Change in Fund Balance	(32,000)	(78,656)	116,465	195,121
Fund Balance - Beginning	<u>32,000</u>	<u>78,656</u>	<u>78,656</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 195,121</u>	<u>\$ 195,121</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 35,000	\$ 38,236	\$ 38,236	\$ 0
Intergovernmental	1,270,429	1,625,321	1,625,264	(57)
Miscellaneous	11,800	40,243	37,018	(3,225)
Interest	500	500	477	(23)
Total Receipts	<u>1,317,729</u>	<u>1,704,300</u>	<u>1,700,995</u>	<u>(3,305)</u>
DISBURSEMENTS				
Roads	844,771	1,255,561	1,170,037	85,524
Debt Service	22,859	23,011	22,990	21
Administration	271,586	264,200	229,448	34,752
Total Disbursements	<u>1,139,216</u>	<u>1,542,772</u>	<u>1,422,475</u>	<u>120,297</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>178,513</u>	<u>161,528</u>	<u>278,520</u>	<u>116,992</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			133,000	133,000
Transfers To Other Funds	<u>(223,513)</u>	<u>(223,513)</u>	<u>(356,000)</u>	<u>(132,487)</u>
Total Other Adjustments to Cash (Uses)	<u>(223,513)</u>	<u>(223,513)</u>	<u>(223,000)</u>	<u>513</u>
Net Change in Fund Balance	(45,000)	(61,985)	55,520	117,505
Fund Balance - Beginning	<u>45,000</u>	<u>61,985</u>	<u>61,985</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 117,505</u>	<u>\$ 117,505</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 110,000	\$ 111,599	\$ 107,654	\$ (3,945)
Charges for Services	16,000	16,000	2,674	(13,326)
Miscellaneous	1,000	1,000	61	(939)
Interest	50	50	37	(13)
Total Receipts	<u>127,050</u>	<u>128,649</u>	<u>110,426</u>	<u>(18,223)</u>
DISBURSEMENTS				
Protection to Persons and Property	615,317	629,198	470,637	158,561
Administration	41,983	33,969	32,450	1,519
Total Disbursements	<u>657,300</u>	<u>663,167</u>	<u>503,087</u>	<u>160,080</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(530,250)</u>	<u>(534,518)</u>	<u>(392,661)</u>	<u>141,857</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	520,250	520,250	389,522	(130,728)
Total Other Adjustments to Cash (Uses)	<u>520,250</u>	<u>520,250</u>	<u>389,522</u>	<u>(130,728)</u>
Net Change in Fund Balance	(10,000)	(14,268)	(3,139)	11,129
Fund Balance - Beginning	<u>10,000</u>	<u>14,268</u>	<u>14,268</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,129</u>	<u>\$ 11,129</u>

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

	WASTE MANAGEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 63,000	\$ 90,548	\$ 101,098	\$ 10,550
Licenses and Permits	28,000	32,199	32,199	
Miscellaneous		1,471	1,471	
Interest	12	20	23	3
Total Receipts	<u>91,012</u>	<u>124,238</u>	<u>134,791</u>	<u>10,553</u>
DISBURSEMENTS				
General Health and Sanitation	107,750	119,745	119,661	84
Administration		21,231		21,231
Total Disbursements	<u>107,750</u>	<u>140,976</u>	<u>119,661</u>	<u>21,315</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(16,738)</u>	<u>(16,738)</u>	<u>15,130</u>	<u>31,868</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	12,988	12,988	7,500	(5,488)
Transfers To Other Funds			(7,500)	(7,500)
Total Other Adjustments to Cash (Uses)	<u>12,988</u>	<u>12,988</u>	<u></u>	<u>(12,988)</u>
Net Change in Fund Balance	(3,750)	(3,750)	15,130	18,880
Fund Balance - Beginning	<u>3,750</u>	<u>3,750</u>	<u>3,681</u>	<u>(69)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,811</u>	<u>\$ 18,811</u>

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

	OCCUPATIONAL TAX FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 975,710	\$ (24,290)
Interest	1,000	1,000	780	(220)
Total Receipts	<u>1,001,000</u>	<u>1,001,000</u>	<u>976,490</u>	<u>(24,510)</u>
DISBURSEMENTS				
General Government	4,075	6,948	6,842	106
Administration	182,320	179,447	170,702	8,745
Total Disbursements	<u>186,395</u>	<u>186,395</u>	<u>177,544</u>	<u>8,851</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>814,605</u>	<u>814,605</u>	<u>798,946</u>	<u>(15,659)</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(820,605)	(820,605)	(785,030)	35,575
Total Other Adjustments to Cash (Uses)	<u>(820,605)</u>	<u>(820,605)</u>	<u>(785,030)</u>	<u>35,575</u>
Net Change in Fund Balance	(6,000)	(6,000)	13,916	19,916
Fund Balance - Beginning	<u>6,000</u>	<u>6,000</u>	<u>4,480</u>	<u>(1,520)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,396</u>	<u>\$ 18,396</u>

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

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 105,000	\$ 105,000	\$ 110,527	\$ 5,527
Licenses and Permits	9,000	9,000	9,016	16
Intergovernmental	147,500	150,815	150,815	
Miscellaneous	1,000	1,000		(1,000)
Interest	35	40	43	3
Total Receipts	<u>262,535</u>	<u>265,855</u>	<u>270,401</u>	<u>4,546</u>
DISBURSEMENTS				
Protection to Persons and Property	214,900	225,415	224,861	554
Administration	86,535	88,492	85,706	2,786
Total Disbursements	<u>301,435</u>	<u>313,907</u>	<u>310,567</u>	<u>3,340</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(38,900)</u>	<u>(48,052)</u>	<u>(40,166)</u>	<u>7,886</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	32,000	32,000	46,000	14,000
Total Other Adjustments to Cash (Uses)	<u>32,000</u>	<u>32,000</u>	<u>46,000</u>	<u>14,000</u>
Net Change in Fund Balance	(6,900)	(16,052)	5,834	21,886
Fund Balance - Beginning	<u>6,900</u>	<u>16,052</u>	<u>16,052</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,886</u>	<u>\$ 21,886</u>

BATH COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2020

Note 1. Budgetary Information

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

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

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

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BATH COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

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BATH COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 8,493	\$	\$	\$ 8,493
Land Improvements	488,200	56,555		544,755
Buildings and Building Improvements	1,962,207	18,000		1,980,207
Vehicles	562,594	42,985	104,193	501,386
Other Equipment	874,329	19,381		893,710
Infrastructure	7,492,474	500,050		7,992,524
 Total Capital Assets	 <u>\$ 11,388,297</u>	 <u>\$ 636,971</u>	 <u>\$ 104,193</u>	 <u>\$ 11,921,075</u>

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

June 30, 2020

Note 1. Capital Assets

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 12,500	10-60
Building	\$ 25,000	10-75
Building Improvements	\$ 25,000	10-75
Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Bobby C. Rogers, Bath County Judge/Executive
Members of the Bath County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Bath County Fiscal Court for the fiscal year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Bath County Fiscal Court's financial statement and have issued our report thereon dated July 22, 2021.

Internal Control Over Financial Reporting

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

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

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



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

Compliance And Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

July 22, 2021