

January 29, 2021

Board of Trustees
Kentucky League of Cities Investment Pool Plus
100 East Vine Street, Suite 800
Lexington, Kentucky 40507

Attention: Mayor Bill Dieruf

This letter is to inform the Board of Trustees of Kentucky League of Cities Investment Pool Plus (the Organization) about significant matters related to the conduct of our audit as of and for the year ended June 30, 2020, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described in our arrangement letter dated October 26, 2020. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated October 26, 2020 regarding the planned scope and timing of our audit and have discussed with you our identification of significant risks of material misstatement.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

We have previously discussed with you our views about the qualitative aspects of the Organization's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- Fair value measurements of investments and related disclosures

Audit Adjustments

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultation with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed or Subject to Correspondence with Management

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Management Representations

A copy of the management representation letter has been attached.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the Organization.

This report is intended solely for the information and use of [the Board of Trustees and is not intended to be, and should not be, used by anyone other than this specified party.

Dean Dorton Allen Ford, PLLC

Dean Dorton Allen Ford, PLLC



OFFICERS

President: Mayor Troy Rudder, City of London
First Vice President: Mayor Brian Traugott, City of Versailles
Second Vice President: Mayor James Hamberg, City of Southgate
Immediate Past President: Mayor Bill Dieruf, City of Jeffersontown

EXECUTIVE STAFF

Executive Director/CEO: J.D. Chaney
Deputy Executive Director: Doug Goforth
Chief of Staff: Martha Cosby

January 29, 2021

Dean Dorton Allen Ford, PLLC
250 West Main Street, Suite 1400
Lexington, KY 40507

This representation letter is provided in connection with your audit of the financial statements of Kentucky League of Cities Investment Pool Plus (KLCIPP), which comprise the statement of net position as of June 30, 2020, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated October 26, 2020 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard:

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. The methods and significant assumptions used to determine fair values of the financial instruments are as follows:

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by KLCIPP are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by KLCIPP are deemed to be actively traded.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Related-party relationships, transactions, and related amounts receivable or payable including sales, purchases, loans, transfers, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transactions.
 - b. All significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
 - c. Investments in debt and equity securities, including their classification.
 - d. Concentrations of credit risk.
9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within KLCIPP from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the Board of Trustees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

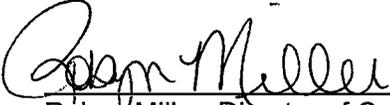
15. We have no knowledge of allegations of fraud or suspected fraud affecting KLCIPP's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting KLCIPP's financial statements received in communications from employees, former employees, regulators or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
18. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
19. We have disclosed to you the identity of KLCIPP's related parties and all the related-party relationships and transactions of which we are aware.
20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect KLCIPP's ability to record, process, summarize and report financial data.
21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. The Internal Revenue Service has ruled that the income of KLCIPP is excludable from gross income, and therefore, exempt from taxation pursuant to Internal Revenue Code Section 115, which pertains to instrumentalities of state and local governments. As such, no provision for federal income taxes is required in the financial statements.
23. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm:

1. We are responsible for:
 - a. Compliance with the laws, regulations, and provisions of contracts and other agreements applicable to KLCIPP; and
 - b. Establishing and maintaining effective internal control over financial reporting.
2. We are not aware of any:

- a. Programs and related activities subject to the compliance audit;
 - b. Laws, regulations, rules and provisions of contracts or grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives;
 - c. Violations (and possible violations) of laws, regulations, rules and provisions of contracts or grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance; and
 - d. Instances that have occurred, or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.
3. We have implemented a process to track the status of audit findings and recommendations.
 4. We are responsible for providing you with previous financial audits, attestation engagements or other studies related to the audit objectives and whether related recommendations have been implemented.
 5. There have been no reported findings, conclusions and recommendations.
 6. We acknowledge our responsibilities as it relates to non-audit services (drafting the financial statements and disclosures) performed by you, and assert the following with respect to those services:
 - a. We assume all management responsibilities;
 - b. We oversaw the services by designating an individual who possessed suitable skill, knowledge or experience related to those services;
 - c. We evaluated the adequacy and results of the services performed; and
 - d. We accept responsibility for the results of the services

Kentucky League of Cities Investment Pool Plus


1.29.21

Robyn Miller, Director of Corporate Law & Finance



Doug Goforth, Deputy Executive Director


1.29.21

Amy Loftus, Director of Accounting



Financial Statements

for

**KENTUCKY LEAGUE OF CITIES
INVESTMENT POOL PLUS**

Year Ended June 30, 2020
with Report of Independent Auditors

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Report of Independent Auditors

Board of Trustees
Kentucky League of Cities Investment Pool Plus
Lexington, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of Kentucky League of Cities Investment Pool Plus (KLCIPP), which comprise the statement of net position as of June 30, 2020, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by Comptroller General of United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of KLCIPP as of June 30, 2020, and the changes in its net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021 on our consideration of KLCIPP'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 KLCIPP's internal control over financial reporting and compliance.

Dean Dotson Allen Ford, PLLC

Lexington, Kentucky
January 29, 2021

KENTUCKY LEAGUE OF CITIES INVESTMENT POOL PLUS

Management's Discussion and Analysis (*Unaudited*)

Our discussion and analysis of the Kentucky League of Cities Investment Pool Plus (KLCIPP) provides an overview of KLCIPP's financial activity for the fiscal year ended June 30, 2020. It should be read in conjunction with the financial statements, which begin on page 5.

Using this Annual Report

This report consists of a series of financial statements. The statements of net position on page 5 provides information about KLCIPP as a whole.

Statements of Net Position

Table 1 shows all of the assets and liabilities of KLCIPP and is presented on the accrual basis. Please see additional information included under Statements of Revenues, Expenses and Changes in Net Position.

Table 1
Net Position

	<u>2020</u>
Investments	\$ <u>13,996,848</u>
Total net position	\$ <u>13,996,848</u>

KENTUCKY LEAGUE OF CITIES INVESTMENT POOL PLUS

Management's Discussion and Analysis (*Unaudited*), continued

Statements of Revenues, Expenses and Changes in Net Position

Table 2 shows all the revenues and expenses of KLCIPP and is also presented on the accrual basis. Net investment income was \$892 for the year ended June 30, 2020.

Table 2
Change in Net Position

Year ended June 30,	<u>2020</u>
Investment income, net of investment expenses	\$ <u>892</u>
Change in net position	\$ <u><u>892</u></u>

Description of Current and Expected Conditions

KLCIPP was re-established effective July 1, 2019. Local governments now have new investment options. KLCIPP uses a model that allows each member to invest based on its own financial goals and needs. Members benefit from the program's economies of scale through a reduction in the cost of asset management.

Contacting KLCIPP's Financial Management

This financial report is designed to provide a general overview of KLCIPP's finances and to show KLCIPP's accountability to its Participants. If you have questions about this report or need additional financial information, contact the Kentucky League of Cities' office at 100 East Vine Street, Suite 800, Lexington, KY 40507.

KENTUCKY LEAGUE OF CITIES INVESTMENT POOL PLUS

Statement of Net Position

June 30, 2020

	Assets	
Investments		<u>\$ 13,996,848</u>
	Net position	
Net position - unrestricted		<u>\$ 13,996,848</u>

See accompanying notes.

KENTUCKY LEAGUE OF CITIES INVESTMENT POOL PLUS

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2020

Investment income	\$ 167,854
Net unrealized loss on investments	(108,447)
Net realized loss on investments	(25,197)
Investment fees	<u>(33,318)</u>
Change in net position	892
Net position, beginning of year	-
Contributions from members	16,042,973
Withdrawals by members	<u>(2,047,017)</u>
Net position, end of year	<u>\$ 13,996,848</u>

See accompanying notes.

KENTUCKY LEAGUE OF CITIES INVESTMENT POOL PLUS

Statements of Cash Flows

Year ended June 30, 2020

Cash flows from operating activities:	
Investment income received	\$ 167,854
Investment fees paid	<u>(33,318)</u>
Net cash provided by operating activities	134,536
Cash flows from investing activities:	
Purchase of investments, net	<u>(14,130,492)</u>
Net cash used in investing activities	(14,130,492)
Cash flows from financing activities:	
Contributions from members	16,042,973
Withdrawals by members	<u>(2,047,017)</u>
Net cash provided by financing activities	<u>13,995,956</u>
Net change in cash	-
Cash, beginning of year	<u>-</u>
Cash, end of year	<u>\$ -</u>

Reconciliation of change in net position to net cash provided by operating activities:	
Change in net position	\$ 892
Adjustments:	
Net unrealized loss on investments	108,447
Net realized loss on investments	<u>25,197</u>
Net cash provided by operating activities	<u>\$ 134,536</u>

See accompanying notes.

KENTUCKY LEAGUE OF CITIES INVESTMENT POOL PLUS

Notes to the Financial Statements

1. Description of the Organization

The Kentucky League of Cities Investment Pool Plus (KLCIPP) was organized as a nonprofit trust by the Kentucky League of Cities, Inc. (KLC), effective March 1, 1990. During the 2019 legislative session, House Bill 69 passed, which gives local governments and school districts expanded investment options. The KLCIPP was re-established effective July 1, 2019 as a service to KLC members and their related agencies who contribute funds to the investment pool.

KLCIPP has established four investment funds that are managed and advised by PNC Bank and meet the investment requirements for governmental agencies.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The following is a summary of the significant accounting policies consistently followed by KLCIPP in the preparation of its financial statements:

Basis of Accounting and Presentation

KLCIPP uses the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

KLCIPP presents its financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a proprietary activity, KLCIPP has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Therefore, KLCIPP follows GASB pronouncements and all Financial Accounting Standards Board and predecessor boards' pronouncements except those that conflict with or contradict GASB pronouncements.

The accompanying financial statements include solely the accounts of KLCIPP including all programs, activities and functions relating to accumulation and investment of assets and related income necessary to provide benefits required under the terms of KLCIPP agreement.

Investment Valuation and Income Recognition

KLCIPP's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net unrealized gain or loss represents the change in fair value of investments during the year of investments held at year-end. Net realized gain or loss is the cumulative amount of change in fair value of investments sold during the year.

2. Summary of Significant Accounting Policies, continued

Risks and Uncertainties

KLCIPP invests in mutual funds. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of net position and the statements of revenue, expenses, and changes in net position.

Participant Accounts

Separate accounts are maintained for each participant. Investment income and fees are credited or charged to participant accounts as received or incurred. Net realized gains and losses are posted to participant accounts as investments are sold. Net unrealized gains and losses from changes in fair value are reflected in participant accounts on a monthly basis.

Income Tax Status

KLCIPP is treated as a tax exempt government trust under Section 115 of the Internal Revenue Code.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through January 29, 2021, the date that the financial statements were available to be issued.

COVID-19 Impact

During March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to impact worldwide economic activity and financial markets. KLCIPP is closely monitoring the impact of the COVID-19 pandemic on all aspects of its operations. As of June 30, 2020 and as of the date that the financial statements were available to be issued, KLCIPP has not experienced significant disruption in its operations. The continued spread of the disease represents a significant risk that KLCIPP's operations could be disrupted in the near future.

The extent to which COVID-19 continues to impact KLCIPP will depend on future developments, which are highly uncertain and cannot be predicted. As a result, KLCIPP has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2021.

KENTUCKY LEAGUE OF CITIES INVESTMENT POOL PLUS

Notes to the Financial Statements, continued

3. Investments

Investments consist of the following four investment funds as of June 30, 2020:

Dividend focus equity pool	\$ 1,876,032
Government bond fund	7,695,225
Corporate bond fund	2,851,359
Equity S&P 500 index fund	<u>1,574,232</u>
	<u>\$ 13,996,848</u>

The composition of KLCIPP's investment portfolio must meet certain criteria as set forth in the Kentucky Revised Statutes. As of June 30, 2020, all investments held by KLCIPP are classified as mutual funds.

4. Fair Value Measurements

KLCIPP classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for investments measured at fair value on a recurring basis:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by KLCIPP are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by KLCIPP are deemed to be actively traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while KLCIPP believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, KLCIPP's investments at fair value as of June 30, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ <u>13,996,848</u>	\$ <u>13,996,848</u>	\$ <u>-</u>	\$ <u>-</u>

KENTUCKY LEAGUE OF CITIES INVESTMENT POOL PLUS

Notes to the Financial Statements, continued

5. Related Party Transactions

The following entities are KLCIPP's related entities:

- Kentucky Bond Corporation (KBC)
- Kentucky Bond Development Corporation (KBDC)
- Kentucky League of Cities (KLC)
- Kentucky League of Cities Funding Trust (KLCFT)
- Kentucky League of Cities Insurance Agency (KLCIA)
- Kentucky League of Cities Unemployment Compensation Reimbursement Trust (KLCUCRT)
- Kentucky League of Cities Premium Finance Company (KLCPFC)
- Kentucky League of Cities Insurance Services (KLCIS)
- Kentucky League of Cities Workers Compensation Trust (KLCWCT)
- Kentucky Local Government Health Trust (KLGHT)

KLC, KLCPFC, and KLCUCRT invested in funds established by KLCIPP during the year ended June 30, 2020. These funds are exchanged in the normal course of business and no fees or other transactions are processed between the related parties.

The cost basis and fair value of investments for KLC, KLCPFC, and KLCUCRT are as follows as of June 30, 2020:

	<u>Cost Basis</u>	<u>Fair Value</u>
KLC	\$ 1,000,000	\$ 998,252
KLCPFC	155,259	154,539
KLCUCRT	<u>7,800,697</u>	<u>7,880,671</u>
Total	<u>\$ 8,955,956</u>	<u>\$ 9,033,462</u>

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Report of Independent Auditors

Board of Trustees
Kentucky League of Cities Investment Pool Plus
Lexington, Kentucky

We have audited, in accordance with the 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 financial statements of Kentucky League of Cities Investment Pool Plus (KLCIPP) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise KLCIPP's basic financial statements, and have issued our report thereon dated January 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KLCIPP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KLCIPP's internal control. Accordingly, we do not express an opinion on the effectiveness of KLCIPP'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 statements 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Trustees
Kentucky League of Cities Investment Pool Plus
Lexington, Kentucky

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KLCIPP' financial statements are 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 determination of financial statement amounts. 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 KLCIPP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KLCIPP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dean Dotson Allen Ford, PLLC

Lexington, Kentucky
January 29, 2021