

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

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



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



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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 Todd Cooper, Ballard County Judge/Executive  
Members of the Ballard 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 Ballard County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Ballard County Fiscal Court's financial statement as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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



To the People of Kentucky  
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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 Ballard 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 Ballard 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 Ballard 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 Ballard County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules 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  
The Honorable Andy Beshear, Governor  
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Finance and Administration Cabinet  
The Honorable Todd Cooper, Ballard County Judge/Executive  
Members of the Ballard County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021, on our consideration of the Ballard 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 Ballard County Fiscal Court's internal control over financial reporting and compliance.

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

- 2020-001 The Ballard County Fiscal Court Failed To Approve Cash Transfers Before The Transfer Took Place
- 2020-002 The Ballard County Detention Center Does Not Have Adequate Segregation Of Duties Over Jail Commissary Operations

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

April 27, 2021

**BALLARD COUNTY OFFICIALS****For The Year Ended June 30, 2020****Fiscal Court Members:**

Todd Cooper	County Judge/Executive
Robert Renfrow	Magistrate
Steve Cooper	Magistrate
Delaine Hazelwood	Magistrate
Stonnie Dennis	Magistrate
John Summers	Magistrate

**Other Elected Officials:**

Vicki Hayden	County Attorney
Donnie Hall, Jr.	Jailer
Katie Mercer	County Clerk
Holly Dunker	Circuit Court Clerk
Ronnie Giles	Sheriff
Susan Sullivan	Property Valuation Administrator
Robert Morrow	Coroner

**Appointed Personnel:**

Susan Bailey	County Treasurer
Angela VanCleve	Finance Officer/Occupational Tax Administrator
Jessica Owsley	Payroll Officer
Todd Vance	Road Supervisor
Trent Grief	911 Administrator
Mandy Graves	Jail Administrative Assistant



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

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

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

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

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 2,394,420	\$	\$
In Lieu Tax Payments	10,677		
Excess Fees	4,978		
Licenses and Permits	10,066		
Intergovernmental	20,569	1,714,280	628,089
Charges for Services			56,742
Miscellaneous	568,883	53,409	39,075
Interest	38,166	3,453	79
Total Receipts	<u>3,047,759</u>	<u>1,771,142</u>	<u>723,985</u>
<b>DISBURSEMENTS</b>			
General Government	1,077,963		
Protection to Persons and Property	21,122		963,758
General Health and Sanitation			
Recreation and Culture			
Roads		1,493,294	
Debt Service	434,307	65,534	
Capital Projects	171,974	95,104	
Administration	754,825	156,257	235,127
Total Disbursements	<u>2,460,191</u>	<u>1,810,189</u>	<u>1,198,885</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>587,568</u>	<u>(39,047)</u>	<u>(474,900)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Change in Payroll Revolving Account	(15,985)		
Transfers From Other Funds	572,326	540,100	453,855
Transfers To Other Funds	(1,647,431)	(500,800)	
Total Other Adjustments to Cash (Uses)	<u>(1,091,090)</u>	<u>39,300</u>	<u>453,855</u>
Net Change in Fund Balance	(503,522)	253	(21,045)
Fund Balance - Beginning	1,445,565	154,233	21,109
Fund Balance - Ending	<u>\$ 942,043</u>	<u>\$ 154,486</u>	<u>\$ 64</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 34,683	\$ 6,395	\$ 473
Payroll Revolving Account Reconciled Balance	15,337		
Less: Outstanding Checks	(32,560)	(6,162)	(409)
Certificates of Deposit	924,583	154,253	
Fund Balance - Ending	<u>\$ 942,043</u>	<u>\$ 154,486</u>	<u>\$ 64</u>

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

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

<b>Budgeted Funds</b>					
<b>Local Government Economic Assistance Fund</b>	<b>DES Fund</b>	<b>Ambulance Fund</b>	<b>Solid Waste Fund</b>	<b>CDBG Fund</b>	<b>911 Fund</b>
\$	\$	\$ 369,639	\$	\$	\$
			100		
2,299	7,346	27,652	22,432		
435		360,620	38,545		
	1,304	48,825	9,458		30,221
		1,417			
<u>2,734</u>	<u>8,650</u>	<u>808,153</u>	<u>70,535</u>		<u>30,221</u>
	91,103	706,775			224,863
10,408	6,800		170,936		
1,501	13,382	207,027	37,755		67,890
<u>11,909</u>	<u>111,285</u>	<u>913,802</u>	<u>208,691</u>		<u>292,753</u>
<u>(9,175)</u>	<u>(102,635)</u>	<u>(105,649)</u>	<u>(138,156)</u>		<u>(262,532)</u>
9,167	102,597	138,919	138,130		262,455
		(27,000)			
<u>9,167</u>	<u>102,597</u>	<u>111,919</u>	<u>138,130</u>		<u>262,455</u>
(8)	(38)	6,270	(26)		(77)
8	39	79,683	28	21	78
<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 85,953</u>	<u>\$ 2</u>	<u>\$ 21</u>	<u>\$ 1</u>
\$	\$ 1	\$ 36,336	\$ 2	\$ 21	\$ 1
		(1,600)			
		51,217			
<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 85,953</u>	<u>\$ 2</u>	<u>\$ 21</u>	<u>\$ 1</u>

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

**BALLARD 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>Unbudgeted Funds</u>	
	<u>Homeland Security Fund</u>	<u>Courthouse Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$ 2,764,059
In Lieu Tax Payments				10,677
Excess Fees				4,978
Licenses and Permits				10,166
Intergovernmental		145,731		2,568,398
Charges for Services				456,342
Miscellaneous		9,811	24,008	784,994
Interest				43,115
Total Receipts		<u>155,542</u>	<u>24,008</u>	<u>6,642,729</u>
<b>DISBURSEMENTS</b>				
General Government		176,158		1,254,121
Protection to Persons and Property				2,007,621
General Health and Sanitation				188,144
Recreation and Culture			41,429	41,429
Roads				1,493,294
Debt Service				499,841
Capital Projects		12,347		279,425
Administration				1,473,764
Total Disbursements		<u>188,505</u>	<u>41,429</u>	<u>7,237,639</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(32,963)</u>	<u>(17,421)</u>	<u>(594,910)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Change in Payroll Revolving Account				(15,985)
Transfers From Other Funds		29,750		2,247,299
Transfers To Other Funds		(72,068)		(2,247,299)
Total Other Adjustments to Cash (Uses)		<u>(42,318)</u>		<u>(15,985)</u>
Net Change in Fund Balance		(75,281)	(17,421)	(610,895)
Fund Balance - Beginning		78,876	36,936	1,816,576
Fund Balance - Ending	\$ 0	\$ 3,595	\$ 19,515	\$ 1,205,681
<b>Composition of Fund Balance</b>				
Bank Balance	\$	\$ 3,595	\$ 19,515	\$ 101,022
Payroll Revolving Account Reconciled Balance				15,337
Less: Outstanding Checks				(40,731)
Certificates of Deposit				1,130,053
Fund Balance - Ending	\$ 0	\$ 3,595	\$ 19,515	\$ 1,205,681

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

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TO THE FINANCIAL STATEMENT**

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**BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2020**

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

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

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

**BALLARD 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)**

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.

DES Fund - The primary purpose of this fund is to account for the grants and related disbursements when disaster and emergency events occur. The primary sources of receipts for this fund are grants from the state and federal governments.

Ambulance Fund - The primary purpose of this fund is to account for funds received and disbursed in the operation of the ambulance services provided by the county.

Solid Waste Fund - The primary purpose of this fund is to account for garbage collection disbursements of the county. The primary source of receipts for this fund is from annual and monthly fee from solid waste customers.

CDBG Fund - The primary purpose of this fund is to account for funds received and disbursed for grants.

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

Homeland Security Fund - The primary purpose of this fund is to account for funds received for grants and the related disbursements.

Courthouse Fund - The primary purpose of this fund is to account for funds received from the AOC and disbursed for courthouse expenses.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted fund:

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

**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.

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

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

**D. Budgetary Information (Continued)**

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

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

**E. Ballard County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Ballard 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 Ballard 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).

**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.



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

**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.

**Note 3. Transfers**

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

	General Fund	Road Fund	Courthouse Fund	Ambulance Fund	Total Transfers In
General Fund	\$	\$ 500,800	\$ 44,526	\$ 27,000	\$ 572,326
Road Fund	540,100				540,100
Jail Fund	453,855				453,855
LGEA Fund	9,167				9,167
DES Fund	98,855		3,742		102,597
911 Fund	245,555		16,900		262,455
Solid Waste Fund	131,230		6,900		138,130
Courthouse Fund	29,750				29,750
Ambulance Fund	138,919				138,919
Total Transfers Out	<u>\$ 1,647,431</u>	<u>\$ 500,800</u>	<u>\$ 72,068</u>	<u>\$ 27,000</u>	<u>\$ 2,247,299</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.

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

**Note 4. Agency Trust Fund**

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

The fiscal court has the following agency trust fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2020, was \$20,634.

**Note 5. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Road Equipment**

On July 8, 2015, Ballard County entered into a financing agreement with the Kentucky Association of Counties Leasing Trust Program for the purchase of a grader, tractor, and truck to be used in Ballard County. The principal of the lease is \$400,000 with repayment to be made over a seven-year period. Principal payments are due monthly on the twentieth of each month in variable amounts; interest plus associated fees are due monthly in variable amounts. The grader, tractor, and truck are pledged as collateral. Upon the occurrence of an event of default the following could occur:

- a) By appropriate court action, enforce the pledge set forth in section 2 of the authorizing legislation and section 9 of the lease so that during the remaining lease term there is levied on all the taxable property, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the lease payments when and as due;
- b) By written notice to the county, enter and take immediate possession of the project;
- c) Sell or lease the project or sublease it for the account of the county, holding the county 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 lease payments applicable to the principal component in inverse order of their due date; and
- d) 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 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 lessor by applicable law.

As of June 30, 2020, outstanding lease principal was \$51,557. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 51,557	868
Totals	\$ 51,557	\$ 868

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

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

**A. Direct Borrowings and Direct Placements (Continued)**

**2. Senior Citizen Center**

On October 3, 2016, the Ballard County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$500,000 at a 3.66% interest rate. The purpose of this agreement is to finance the acquisition, construction, and installation of a senior citizens center. The maturity date of the agreement is October 20, 2021. The senior citizen center is pledged as collateral. Upon the occurrence of an event of default the following could occur:

- a) By appropriate court action, enforce the pledge set forth in section 2 of the authorizing legislation and section 9 of the lease so that during the remaining lease term there is levied on all the taxable property, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the lease payments when and as due;
- b) By written notice to the county, enter and take immediate possession of the project;
- c) Sell or lease the project or sublease it for the account of the county, holding the county 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 lease payments applicable to the principal component in inverse order of their due date; and
- d) 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 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 lessor by applicable law

As of June 30, 2020, outstanding lease principal was \$99,500. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$	\$ 3,996
2022	99,500	930
Totals	\$ 99,500	\$ 4,926

**3. Sheriff's Vehicles**

On March 13, 2019, Ballard County entered into a financing agreement with Kentucky Association of Counties Leasing Trust Program for the purchase of three vehicles for the sheriff's department. The principal of the lease is \$86,436 with the repayment to be made over a four-year period. Principal and interest payments are due annually on the twentieth of November. The sheriff's vehicles are pledged as collateral. Upon an event of default the following could occur:

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

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

**A. Direct Borrowings and Direct Placements (Continued)**

**3. Sheriff's Vehicles (Continued)**

- a) Terminate the lease term and give notice to the county to vacate or surrender the project within 60 days from the date of such notice
- b) By written notice to the county, enter and take immediate possession of the project
- c) Recover from the county:
  - The lease payments which would otherwise have been payable hereunder during any period in which the county continues to use, occupy, or retain possession of the project and
  - Lease payments which would otherwise have been payable hereunder after the county vacates or surrenders the project during the remained of the fiscal year in which such event of default occurs
- d) Sell or lease the project or sublease it for the account of the county, holding the county 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 lease payments applicable to the principal component in inverse order of their due date; and
- e) 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 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 lessor by applicable law.

As of June 30, 2020, outstanding lease principal was \$65,349. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 21,007	\$ 2,647
2022	21,774	1,796
2023	22,568	914
Totals	<u>\$ 65,349</u>	<u>\$ 5,357</u>

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

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

**B. Changes In Long-term Debt**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Direct Borrowings and Direct Placements	\$ 700,288	\$	\$ 483,882	\$ 216,406	\$ 72,564	\$ 143,842
Total Long-term Debt	<u>\$ 700,288</u>	<u>\$ 0</u>	<u>\$ 483,882</u>	<u>\$ 216,406</u>	<u>\$ 72,564</u>	<u>\$ 143,842</u>

**C. Aggregate Debt Schedule:**

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

<u>Fiscal Year Ending June 30</u>	<u>Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 72,564	\$ 7,511
2022	121,274	2,726
2023	<u>22,568</u>	<u>914</u>
Totals	<u>\$ 216,406</u>	<u>\$ 11,151</u>

**Note 6. 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 \$423,710, FY 2019 was \$479,384, and FY 2020 was \$600,325.

Nonhazardous

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

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

**Note 6. Employee Retirement System (Continued)**

Nonhazardous (Continued)

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

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

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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.

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

**Note 7. Deferred Compensation**

The Ballard 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, 2<sup>nd</sup> Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

**Note 8. Health Reimbursement Account/Flexible Spending Account**

The Ballard County Fiscal Court established a flexible spending account on to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$2,000 each year to pay for qualified medical expenses. The balance of the plan as of June 30, 2020, was \$47,484.

**Note 9. Insurance**

For the fiscal year ended June 30, 2020, the Ballard 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 10. Payroll Revolving Account**

The balance of the payroll revolving account as of June 30, 2020, \$15,337 was added to the general fund cash balance for financial reporting purposes. The balance consists of the June 30, 2020 payroll bank account balance of \$132,742, less outstanding checks of \$6,172 and known liabilities of \$111,233.

**Note 11. Related Party Transactions**

The Ballard County Fiscal Court paid \$27,050 to a local flooring company for flooring in the courthouse. The flooring company is owned by one of the magistrate's nephew. The fiscal court also paid \$3,651 to a local lumber company for building supplies. The lumber company is owned by one of the magistrate's father.



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

**Note 12. Tax Abatements**

The occupational tax was abated under the authority of the Ballard County Fiscal Court. Two Rivers Fisheries is eligible to receive this tax abatement due to the commitment of creating jobs in Ballard County. The taxes are abated by granting a credit in the amount up to one percent of the county's occupational license fee. Two Rivers Fisheries made the following commitment to create jobs by opening a facility in Ballard County. For fiscal year ended June 30, 2020, Two Rivers Fisheries abated occupational taxes totaling \$2,938. As part of the tax abatement agreement, the Ballard County Fiscal Court committed to abate the occupational taxes for 10 years from the start of the incentive program.

The occupational tax was abated under the authority of the Ballard County Fiscal Court. Daher-TLI is eligible to receive this tax abatement due to the commitment of creating jobs in Ballard County. The taxes are abated by granting a credit in the amount up to one percent of the county's occupational license fee. Daher-TLI made the following commitment to create jobs by opening a facility in Ballard County. For fiscal year ended June 30, 2020, Daher-TLI abated occupational taxes totaling \$7,188. As part of the tax abatement agreement, the Ballard County Fiscal Court committed to abate the occupational taxes for 10 years from the start of the incentive program.

The occupational tax was abated under the authority of the Ballard County Fiscal Court. Aerosource H, LLC, is eligible to receive this tax abatement due to the commitment of creating jobs in Ballard County. The taxes are abated by granting a credit in the amount up to one percent of the county's occupational license fee. Aerosource H, LLC, made the following commitment to create jobs by opening a facility in Ballard County. For fiscal year ended June 30, 2020, Aerosource H, LLC, abated occupational taxes totaling \$6,547. As part of the tax abatement agreement, the Ballard County Fiscal Court committed to abate the occupational taxes for 6 months ending January 1, 2020.

**Note 13. Subsequent Events**

**A. Ambulance**

On October 8, 2020, the Ballard County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust (administrator) and Republic Bank (lessor) in the amount of \$120,500. The purpose of the lease was for the purchase of an ambulance, and consists of 60 payments over five years.

**B. Road Equipment**

In March 2021, the Ballard County Fiscal Court approved entering into a lease agreement in the amount of \$160,000 for the purchase of various pieces of equipment for the road department. The terms of the agreement consist of 36 monthly payments over three years. The county is currently in the bidding process and no funds have been received.

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,885,650	\$ 2,443,667	\$ 2,394,420	\$ (49,247)
In Lieu Tax Payments	10,000	10,677	10,677	
Excess Fees		4,978	4,978	
Licenses and Permits	9,400	9,540	10,066	526
Intergovernmental	16,500	24,080	20,569	(3,511)
Miscellaneous	26,700	538,583	568,883	30,300
Interest	23,000	36,392	38,166	1,774
Total Receipts	<u>1,971,250</u>	<u>3,067,917</u>	<u>3,047,759</u>	<u>(20,158)</u>
<b>DISBURSEMENTS</b>				
General Government	1,028,376	1,186,876	1,077,963	108,913
Protection to Persons and Property	20,200	21,200	21,122	78
Social Services	7,500	7,500		7,500
Debt Service	169,000	443,145	434,307	8,838
Capital Projects		171,974	171,974	
Administration	807,936	1,344,231	754,825	589,406
Total Disbursements	<u>2,033,012</u>	<u>3,174,926</u>	<u>2,460,191</u>	<u>714,735</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(61,762)</u>	<u>(107,009)</u>	<u>587,568</u>	<u>694,577</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds		545,826	572,326	26,500
Transfers To Other Funds	<u>(1,238,238)</u>	<u>(1,853,001)</u>	<u>(1,647,431)</u>	<u>205,570</u>
Total Other Adjustments to Cash (Uses)	<u>(1,238,238)</u>	<u>(1,307,175)</u>	<u>(1,075,105)</u>	<u>232,070</u>
Net Change in Fund Balance	(1,300,000)	(1,414,184)	(487,537)	926,647
Fund Balance - Beginning	<u>1,300,000</u>	<u>1,414,184</u>	<u>1,414,243</u>	<u>59</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 926,706</u>	<u>\$ 926,706</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,237,360	\$ 1,630,409	\$ 1,714,280	\$ 83,871
Miscellaneous	16,000	51,279	53,409	2,130
Interest	4,000	4,000	3,453	(547)
Total Receipts	<u>1,257,360</u>	<u>1,685,688</u>	<u>1,771,142</u>	<u>85,454</u>
<b>DISBURSEMENTS</b>				
Roads	1,266,720	1,557,863	1,493,294	64,569
Debt Service	70,000	70,000	65,534	4,466
Capital Projects		95,104	95,104	
Administration	171,672	213,004	156,257	56,747
Total Disbursements	<u>1,508,392</u>	<u>1,935,971</u>	<u>1,810,189</u>	<u>125,782</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(251,032)</u>	<u>(250,283)</u>	<u>(39,047)</u>	<u>211,236</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	101,032	576,350	540,100	(36,250)
Transfers To Other Funds		(480,300)	(500,800)	(20,500)
Total Other Adjustments to Cash (Uses)	<u>101,032</u>	<u>96,050</u>	<u>39,300</u>	<u>(56,750)</u>
Net Change in Fund Balance	(150,000)	(154,233)	253	154,486
Fund Balance - Beginning	<u>150,000</u>	<u>154,233</u>	<u>154,233</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 154,486</u>	<u>\$ 154,486</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 679,100	\$ 681,495	\$ 628,089	\$ (53,406)
Charges for Services	52,500	65,033	56,742	(8,291)
Miscellaneous	35,000	44,516	39,075	(5,441)
Interest	25	73	79	6
Total Receipts	<u>766,625</u>	<u>791,117</u>	<u>723,985</u>	<u>(67,132)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	882,377	968,993	963,758	5,235
Capital Projects	50,000	2,601		2,601
Administration	233,946	240,330	235,127	5,203
Total Disbursements	<u>1,166,323</u>	<u>1,211,924</u>	<u>1,198,885</u>	<u>13,039</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(399,698)</u>	<u>(420,807)</u>	<u>(474,900)</u>	<u>(54,093)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>399,698</u>	<u>399,698</u>	<u>453,855</u>	<u>54,157</u>
Total Other Adjustments to Cash (Uses)	<u>399,698</u>	<u>399,698</u>	<u>453,855</u>	<u>54,157</u>
Net Change in Fund Balance		(21,109)	(21,045)	64
Fund Balance - Beginning		<u>21,109</u>	<u>21,109</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 64</u>	<u>\$ 64</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 2,299	\$ (701)
Charges for Services	200	435	435	
Total Receipts	3,200	3,435	2,734	(701)
<b>DISBURSEMENTS</b>				
General Health and Sanitation	17,500	17,743	10,408	7,335
Administration	2,950	2,950	1,501	1,449
Total Disbursements	20,450	20,693	11,909	8,784
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(17,250)	(17,258)	(9,175)	8,083
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	17,250	17,250	9,167	(8,083)
Total Other Adjustments to Cash (Uses)	17,250	17,250	9,167	(8,083)
Net Change in Fund Balance		(8)	(8)	
Fund Balance - Beginning		8	8	
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0



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

	<b>DES FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 11,000	\$ 11,000	\$ 7,346	\$ (3,654)
Charges for Services	7,500	7,500		(7,500)
Miscellaneous	1,000	1,304	1,304	
Total Receipts	<u>19,500</u>	<u>19,804</u>	<u>8,650</u>	<u>(11,154)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	97,660	98,033	91,103	6,930
General Health and Sanitation	10,000	10,000	6,800	3,200
Administration	21,840	21,810	13,382	8,428
Total Disbursements	<u>129,500</u>	<u>129,843</u>	<u>111,285</u>	<u>18,558</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(110,000)</u>	<u>(110,039)</u>	<u>(102,635)</u>	<u>7,404</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>110,000</u>	<u>110,000</u>	<u>102,597</u>	<u>(7,403)</u>
Total Other Adjustments to Cash (Uses)	<u>110,000</u>	<u>110,000</u>	<u>102,597</u>	<u>(7,403)</u>
Net Change in Fund Balance		(39)	(38)	1
Fund Balance - Beginning		<u>39</u>	<u>39</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>

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

	<b>AMBULANCE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 365,000	\$ 374,613	\$ 369,639	\$ (4,974)
Intergovernmental	10,000	27,652	27,652	
Charges for Services	390,000	390,000	360,620	(29,380)
Miscellaneous	2,000	44,217	48,825	4,608
Interest	3,000	3,000	1,417	(1,583)
Total Receipts	<u>770,000</u>	<u>839,482</u>	<u>808,153</u>	<u>(31,329)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	707,000	800,596	706,775	93,821
Administration	188,000	267,488	207,027	60,461
Total Disbursements	<u>895,000</u>	<u>1,068,084</u>	<u>913,802</u>	<u>154,282</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(125,000)</u>	<u>(228,602)</u>	<u>(105,649)</u>	<u>122,953</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	75,000	175,919	138,919	(37,000)
Transfers To Other Funds		<u>(27,000)</u>	<u>(27,000)</u>	
Total Other Adjustments to Cash (Uses)	<u>75,000</u>	<u>148,919</u>	<u>111,919</u>	<u>(37,000)</u>
Net Change in Fund Balance	(50,000)	(79,683)	6,270	85,953
Fund Balance - Beginning	<u>50,000</u>	<u>79,683</u>	<u>79,683</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 85,953</u>	<u>\$ 85,953</u>

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

	<b>SOLID WASTE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Licenses and Permits	\$ 400	\$ 400	\$ 100	\$ (300)
Intergovernmental	25,000	25,000	22,432	(2,568)
Charges for Services	16,000	31,772	38,545	6,773
Miscellaneous	11,000	11,000	9,458	(1,542)
Total Receipts	<u>52,400</u>	<u>68,172</u>	<u>70,535</u>	<u>2,363</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	172,800	187,879	170,936	16,943
Administration	46,573	47,293	37,755	9,538
Total Disbursements	<u>219,373</u>	<u>235,172</u>	<u>208,691</u>	<u>26,481</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(166,973)</u>	<u>(167,000)</u>	<u>(138,156)</u>	<u>28,844</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>166,973</u>	<u>166,973</u>	<u>138,130</u>	<u>(28,843)</u>
Total Other Adjustments to Cash (Uses)	<u>166,973</u>	<u>166,973</u>	<u>138,130</u>	<u>(28,843)</u>
Net Change in Fund Balance		(27)	(26)	1
Fund Balance - Beginning		<u>27</u>	<u>28</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 2</u>

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

	<b>CDBG FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 1	\$ 1	\$	\$ (1)
Total Receipts	<u>1</u>	<u>1</u>		<u>(1)</u>
<b>DISBURSEMENTS</b>				
Administration	26	26		26
Total Disbursements	<u>26</u>	<u>26</u>		<u>26</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(25)</u>	<u>(25)</u>		<u>25</u>
Net Change in Fund Balance	(25)	(25)		25
Fund Balance - Beginning	<u>25</u>	<u>25</u>	21	<u>(4)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21</u>	<u>\$ 21</u>

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

	<b>911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 2,100	\$ 27,285	\$ 30,221	\$ 2,936
Total Receipts	<u>2,100</u>	<u>27,285</u>	<u>30,221</u>	<u>2,936</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	271,960	295,460	224,863	70,597
Administration	98,425	100,188	67,890	32,298
Total Disbursements	<u>370,385</u>	<u>395,648</u>	<u>292,753</u>	<u>102,895</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(368,285)</u>	<u>(368,363)</u>	<u>(262,532)</u>	<u>105,831</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>368,285</u>	<u>368,285</u>	<u>262,455</u>	<u>(105,830)</u>
Total Other Adjustments to Cash (Uses)	<u>368,285</u>	<u>368,285</u>	<u>262,455</u>	<u>(105,830)</u>
Net Change in Fund Balance		(78)	(77)	1
Fund Balance - Beginning		<u>78</u>	<u>78</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>

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

<b>HOMELAND SECURITY FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 4,000	\$ 4,000	\$	\$ (4,000)
Total Receipts	4,000	4,000		(4,000)
<b>DISBURSEMENTS</b>				
Capital Projects	4,000	4,000		4,000
Total Disbursements	4,000	4,000		4,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

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

	<b>COURTHOUSE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 145,731	\$ (4,269)
Miscellaneous	8,000	9,810	9,811	1
Total Receipts	<u>158,000</u>	<u>159,810</u>	<u>155,542</u>	<u>(4,268)</u>
<b>DISBURSEMENTS</b>				
General Government	177,000	212,701	176,158	36,543
Capital Projects	15,000	15,000	12,347	2,653
Administration	6,000	10,985		10,985
Total Disbursements	<u>198,000</u>	<u>238,686</u>	<u>188,505</u>	<u>50,181</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(40,000)</u>	<u>(78,876)</u>	<u>(32,963)</u>	<u>45,913</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds		72,068	29,750	(42,318)
Transfers To Other Funds		(72,068)	(72,068)	
Total Other Adjustments to Cash (Uses)			<u>(42,318)</u>	<u>(42,318)</u>
Net Change in Fund Balance	(40,000)	(78,876)	(75,281)	3,595
Fund Balance - Beginning	40,000	78,876	78,876	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,595</u>	<u>\$ 3,595</u>

**BALLARD 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.

**Note 2. Reconciliation of the General Fund**

The Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis differs from the Budgetary Comparison Schedule for the general fund due to items noted below.

Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (1,075,105)
To Adjust for Change in Payroll Revolving Account	<u>(15,985)</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u>\$ (1,091,090)</u>
Fund Balance Ending - Budgetary Basis	\$ 926,706
To Adjust for Payroll Revolving Account Balance	<u>15,337</u>
Total Fund Balance - Ending - Regulatory Basis	<u>\$ 942,043</u>



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

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

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**BALLARD 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 and Land Improvements	\$ 221,845	\$	\$	\$ 221,845
Buildings	6,004,728	250,890	89,288	6,166,330
Vehicles and Equipment	3,013,047	313,569	180,800	3,145,816
Infrastructure	4,132,045	251,980		4,384,025
 Total Capital Assets	 <u>\$ 13,371,665</u>	 <u>\$ 816,439</u>	 <u>\$ 270,088</u>	 <u>\$ 13,918,016</u>

**BALLARD 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	\$ 25,000	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 25,000	1-10
Infrastructure	\$ 25,000	10-30

**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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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Todd Cooper, Ballard County Judge/Executive  
Members of the Ballard 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 Ballard County Fiscal Court for the fiscal year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Ballard County Fiscal Court's financial statement and have issued our report thereon dated April 27, 2021.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

*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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2020-001 to be a material weakness.

*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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2020-002 to be a significant deficiency.



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 Ballard 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 matter that are required to be reported under *Government Auditing*.

**Views of Responsible Officials and Planned Corrective Action**

Ballard County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

**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 Harmon", with a horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts

April 27, 2021



**BALLARD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

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**BALLARD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

INTERNAL CONTROL - MATERIAL WEAKNESS:

2020-001 The Ballard County Fiscal Court Failed To Approve Cash Transfers Before The Transfer Took Place

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According to the Ballard County Treasurer, she makes cash transfers between funds at the end of each month for county funds that are maintained in a shared bank account and before being approved by the fiscal court. Those transfers are then approved at the next fiscal court meeting. Of the eleven inter-fund transfers totaling \$307,761 that were selected for testing, none were approved prior to the transaction taking place.

Ballard County has internal control deficiencies over cash that resulted in unauthorized cash transfers. Without proper oversight and approval from the fiscal court, undetected misappropriation of cash balances could occur. When cash transfers are made without approval, funds can be moved between funds to cover expenditures without the knowledge of the fiscal court. Additionally, restricted funds could be misused.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* states "All transfers require a court order." Good internal controls would dictate that this order be given prior to the transaction taking place.

We recommend the fiscal court strengthen internal controls over cash transfers by requiring all transfers to be approved by the fiscal court prior to the transfer being made. We also recommend such approvals be adequately documented in the fiscal court minutes.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: On May 4, 2021, we will ask the court to separate the funds out of the general bank account into bank accounts of their own.*

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY:

2020-002 The Ballard County Detention Center Does Not Have Adequate Segregation Of Duties Over Jail Commissary Operations

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This is a repeat finding and was included in the prior year audit report as finding 2019-007. During the fiscal year 2020, the Ballard County Detention Center did not have adequate segregation of duties. The bookkeeper collected receipts from the kiosks, prepared deposits, daily checkout sheets, prepared checks, and posted to the ledgers. The jailer signed the checks and performed the reconciliation on the bank accounts.

According to jail personnel, the lack of segregation of duties is the result of a limited budget, which restricts the number of qualified employees the commissary can hire for accounting functions. The Ballard County Detention Center had limited options for establishing proper segregation of duties.

The lack of segregation of duties could result in the misappropriation of assets and inaccurate financial reporting to external agencies, such as the Department for Local Government. Such errors or fraud could occur and go undetected.

**BALLARD COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY: (Continued)

2020-002 The Ballard County Detention Center Does Not Have Adequate Segregation Of Duties Over Jail Commissary Operations (Continued)

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Segregation of duties or the implementation of compensating controls, when needed because the number of staff is limited, is essential for providing protection to employees in the normal course of performing their duties and can also help prevent inaccurate financial reporting and misappropriation of assets. We recommend the Ballard County Detention Center segregate duties to the extent possible. If these duties cannot be separated due to limited staff, then strong oversight should be provided to the employee or employees responsible for these duties. If the jailer elects to continue performing these tasks himself, this oversight should be performed by the county finance officer and fiscal court.

Views of Responsible Official and Planned Corrective Action:

*County Jailer's Response: We have tried to divide up the duties to our best ability but as we are a small facility and do not have enough personnel to further split up duties.*

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

**BALLARD COUNTY FISCAL COURT**

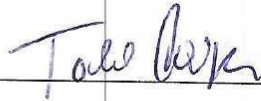
**For The Year Ended June 30, 2020**

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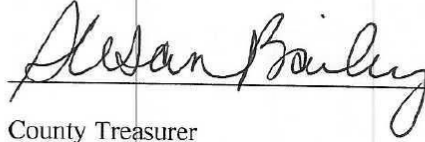
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
COUNTY FISCAL COURT

For The Year Ended June 30, 2020

The Ballard 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