

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

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



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

Independent Auditor's Report

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

Report on the Audit of the Financial Statement

Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Bath County Fiscal Court, for the year ended June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

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



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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Bath County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bath County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bath County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Bath County Fiscal Court. The Budgetary Comparison Schedules 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.

Other Information

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
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Members of the Bath County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024, on our consideration of the Bath County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bath County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

May 16, 2024

BATH COUNTY OFFICIALS
For The Year Ended June 30, 2023

Fiscal Court Members:

Bobby C. Rogers	County Judge/Executive (7/1/2022 - 1/2/2023)
Forrest L. McKenzie	County Judge/Executive (1/3/2023 - present)
Millard Petitt III	Commissioner (7/1/2022 - 1/2/2023)
James White	Commissioner (1/3/2023 - present)
Jimmy Craig	Commissioner
Jamie Cline	Commissioner

Other Elected Officials:

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

Appointed Personnel:

Julie Cline	County Treasurer
Clara J. Becraft	Chief Financial Officer

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 599,938	\$	\$
In Lieu Tax Payments	46,453	35,790	
Excess Fees	128,893		
Licenses and Permits	205,070		
Intergovernmental	206,988	1,682,344	94,231
Charges for Services			14,379
Miscellaneous	110,179	231,037	3,709
Interest	888	404	38
Total Receipts	<u>1,298,409</u>	<u>1,949,575</u>	<u>112,357</u>
DISBURSEMENTS			
General Government	860,228		
Protection to Persons and Property	36,992		745,969
General Health and Sanitation	65,629		
Social Services	14,384		
Recreation and Culture	25,849		
Roads		1,744,631	
Debt Service	67,987	40,218	
Capital Projects	865,827		
Administration	528,496	282,337	37,103
Total Disbursements	<u>2,465,392</u>	<u>2,067,186</u>	<u>783,072</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,166,983)</u>	<u>(117,611)</u>	<u>(670,715)</u>
Other Adjustments to Cash (Uses)			
Borrowed Money	40,499	37,990	
Bond Proceeds			
Cost of Issuance			
Transfers From Other Funds	2,762,991	75,823	759,921
Transfers To Other Funds	(806,500)	(75,823)	(86,921)
Total Other Adjustments to Cash (Uses)	<u>1,996,990</u>	<u>37,990</u>	<u>673,000</u>
Net Change in Fund Balance	830,007	(79,621)	2,285
Fund Balance - Beginning	1,146,327	320,915	14,628
Fund Balance - Ending	<u>\$ 1,976,334</u>	<u>\$ 241,294</u>	<u>\$ 16,913</u>
Composition of Fund Balance			
Bank Balance	\$ 1,977,143	\$ 241,894	\$ 17,990
Plus: Deposits In Transit			
Less: Outstanding Checks	(809)	(600)	(1,077)
Fund Balance - Ending	<u>\$ 1,976,334</u>	<u>\$ 241,294</u>	<u>\$ 16,913</u>

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

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

Budgeted Funds						
Federal Reimbursement CARES Fund	Waste Management Fund	Occupational Tax Fund	911 Fund	Alcohol Beverage Control Fund	LATC Fund	Opioid Settlement Fund
\$	\$ 113,887	\$ 1,247,693	\$ 94,350	\$	\$ 82,515	\$
	30,700		9,173	46,503		
			171,951			
			54			73,952
5	14	1,753	44			
<u>5</u>	<u>144,601</u>	<u>1,249,446</u>	<u>275,572</u>	<u>46,503</u>	<u>82,515</u>	<u>73,952</u>
		7,086		7,623		6,720
	193,868		290,967			
	19,623	199,202	100,375			
	<u>213,491</u>	<u>206,288</u>	<u>391,342</u>	<u>7,623</u>		<u>6,720</u>
5	(68,890)	1,043,158	(115,770)	38,880	82,515	67,232
	112,994		288,419			
(100)	(44,494)	(1,045,810)	(223,419)	(54,804)		
(100)	68,500	(1,045,810)	65,000	(54,804)		
(95)	(390)	(2,652)	(50,770)	(15,924)	82,515	67,232
4,156	9,941	12,456	81,117	19,849		
<u>\$ 4,061</u>	<u>\$ 9,551</u>	<u>\$ 9,804</u>	<u>\$ 30,347</u>	<u>\$ 3,925</u>	<u>\$ 82,515</u>	<u>\$ 67,232</u>
\$ 4,061	\$ 9,551	\$ 8,575	\$ 32,671	\$ 21,079	\$ 82,515	\$ 67,232
		1,229				
			(2,324)	(17,154)		
<u>\$ 4,061</u>	<u>\$ 9,551</u>	<u>\$ 9,804</u>	<u>\$ 30,347</u>	<u>\$ 3,925</u>	<u>\$ 82,515</u>	<u>\$ 67,232</u>

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

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

	<u>Budgeted Funds</u>		<u>Unbudgeted Funds</u>		<u>Total Funds</u>
	<u>American Rescue Plan Act Fund</u>	<u>Clerk Storage Fees Fund</u>	<u>Public Properties Corporation Bond Fund</u>	<u>Public Properties Corporation Construction Fund</u>	
RECEIPTS					
Taxes	\$	\$	\$	\$	\$ 2,055,868
In Lieu Tax Payments					164,758
Excess Fees					128,893
Licenses and Permits					291,446
Intergovernmental					2,155,514
Charges for Services					14,379
Miscellaneous		18,910		1	437,842
Interest	2,961		783	16,323	23,213
Total Receipts	<u>2,961</u>	<u>18,910</u>	<u>783</u>	<u>16,324</u>	<u>5,271,913</u>
DISBURSEMENTS					
General Government		6,956			888,613
Protection to Persons and Property					1,073,928
General Health and Sanitation					259,497
Social Services					14,384
Recreation and Culture					25,849
Roads					1,744,631
Debt Service			1,564,174		1,672,379
Capital Projects				95,803	961,630
Administration				500	1,167,636
Total Disbursements		<u>6,956</u>	<u>1,564,174</u>	<u>96,303</u>	<u>7,808,547</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,961</u>	<u>11,954</u>	<u>(1,563,391)</u>	<u>(79,979)</u>	<u>(2,536,634)</u>
Other Adjustments to Cash (Uses)					
Borrowed Money					78,489
Bond Proceeds			1,555,000		1,555,000
Cost of Issuance			(13,062)		(13,062)
Transfers From Other Funds			21,679		4,021,827
Transfers To Other Funds	<u>(1,662,277)</u>			<u>(21,679)</u>	<u>(4,021,827)</u>
Total Other Adjustments to Cash (Uses)	<u>(1,662,277)</u>		<u>1,563,617</u>	<u>(21,679)</u>	<u>1,620,427</u>
Net Change in Fund Balance	(1,659,316)	11,954	226	(101,658)	(916,207)
Fund Balance - Beginning	<u>1,659,484</u>		<u>2</u>	<u>576,270</u>	<u>3,845,145</u>
Fund Balance - Ending	<u>\$ 168</u>	<u>\$ 11,954</u>	<u>\$ 228</u>	<u>\$ 474,612</u>	<u>\$ 2,928,938</u>
Composition of Fund Balance					
Bank Balance	\$ 1,021,539	\$ 11,954	\$ 228	\$ 474,612	\$ 3,971,044
Plus: Deposits In Transit					1,229
Less: Outstanding Checks	<u>(1,021,371)</u>				<u>(1,043,335)</u>
Fund Balance - Ending	<u>\$ 168</u>	<u>\$ 11,954</u>	<u>\$ 228</u>	<u>\$ 474,612</u>	<u>\$ 2,928,938</u>

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

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TO THE FINANCIAL STATEMENT**

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**BATH COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments 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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Federal Reimbursements CARES Fund - The primary purpose of this fund is to account for federal grant receipts and disbursements.

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

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

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

Alcohol Beverage Control Fund - The primary purpose of this fund is to account for the receipts of alcohol beverage license fees and the related disbursements.

LATC Fund - The primary purpose of this fund is to account for the receipt and disbursement of Local Assistance and Tribal Consistency funds. The primary source of receipts for this fund are grants from the federal government.

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

American Rescue Plan Act Fund (ARPA) - The primary purpose of this fund is to account for American Rescue Plan Act receipts and related disbursements. The primary sources of receipts for this fund are grants from the federal government.

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

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Bond Fund - The primary purpose of this fund is to account for debt service payments. The Department for Local Government does not require the fiscal court to report or budget this fund in the fourth quarter financial statement.

Public Properties Corporation Construction Fund- The primary purpose of this fund is to account for the construction costs associated with the public properties building.

D. Budgetary Information

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

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

The state local finance officer does not require the public properties corporation bond and public properties corporation construction funds to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Bath County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Bath County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Bath County Fiscal Court.

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

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.

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

	General Fund	Road Fund	Jail Fund	Waste Management Fund	911 Fund	Public Properties Corporation Bond Fund	Total Transfers Out
General Fund	\$	\$	\$ 673,000	\$ 68,500	\$ 65,000	\$	\$ 806,500
Road Fund	75,823						75,823
Jail Fund	86,921						86,921
Federal Reimbursement CARES Fund	100						100
Waste Management Fund	44,494						44,494
Occupational Tax Fund	1,045,810						1,045,810
911 Fund	223,419						223,419
Alcohol Beverage Control Fund	54,804						54,804
American Rescue Plan Act Fund	1,231,620	75,823	86,921	44,494	223,419		1,662,277
Public Properties Corporation Construction Fund						21,679	21,679
Total Transfers In	<u>\$ 2,762,991</u>	<u>\$ 75,823</u>	<u>\$ 759,921</u>	<u>\$ 112,994</u>	<u>\$ 288,419</u>	<u>\$ 21,679</u>	<u>\$ 4,021,827</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.

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

Note 4. Leases

A. Lessor

1. In October 2020, the Bath County Public Properties Corporation began leasing the judicial center to the Administrative Office of the Courts (AOC). The lease period is for two-year period and the rental payments shall agree to the annual principal and interest costs on the bonds issued for the financing of the building construction. On July 1 of each even numbered year, the lease may be renewed by AOC, for another biennial period of two years. The lease renewal shall automatically be considered to have been affirmatively exercised each even numbered year by AOC, unless notice of its election not to exercise the option for the biennial period be given by AOC to the corporation, the trustee, and the county in writing at least 60 days prior to the renewal date hereof. The corporation recognized \$1,592,157 in lease revenue during the current fiscal year. As of June 30, 2023, the corporation's receivable for lease payments was \$0.
2. On October 1, 2022, the Bath County Public Properties Corporation renewed the above (1) lease to the Administrative Office of the Courts (AOC). The lease period is for one year and the rental payment shall agree to the annual principal and interest costs on the bonds issued for the financing of the building construction. The lease may be renewed by AOC for periods of one year at a time from year to year until the 2022 notes have been paid in full. As of June 30, 2023, the corporation's receivable for lease payments was \$1,614,432.
3. On April 1, 2022, the county entered into an agreement until June 30, 2023 with the Gateway District Health Department for office space rental. This lease shall be extended automatically upon the same terms and conditions herein for further period of 12 months not to exceed five years. As of June 30, 2023, the fiscal court recognized \$36,000 of lease revenue.

B. Lessee

1. On December 18, 2017, the Bath County Fiscal Court entered into a five-year lease agreement as lessee for the acquisition and use of office equipment (copier). An initial lease liability was recorded in the amount of \$17,066. As of June 30, 2023, the lease had been paid in full.
2. On September 8, 2022, the Bath County Fiscal Court entered into a five-year lease agreement as lessee for the acquisition and use of office equipment (copier). An initial lease liability was recorded in the amount of \$17,044 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$14,488. The Bath County Fiscal Court is required to make monthly payments of \$284. The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 3,409
2025	3,409
2026	3,409
2027	3,409
2028	852
Total Minimum Lease Payments	<u>\$ 14,488</u>

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

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Sheriff's Vehicle

On April 18, 2019, the Bath County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program to purchase a vehicle for the sheriff's office in the amount of \$36,000. The agreement requires 60 monthly payments at an interest rate of 4.95 percent to be paid in full on May 20, 2024. In the case of default, the vehicle is considered collateral. Principal outstanding as of June 30, 2023, was \$7,325. Future principal and interest requirement are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 7,325	\$ 183
Totals	<u>\$ 7,325</u>	<u>\$ 183</u>

2. Parks and Recreation

On June 24, 2021, the Bath County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program to refinance the ballpark agreement dated February 20, 2009. The agreement requires monthly payments at an interest rate of 1.72 percent to be paid in full on June 30, 2034. The land is held for collateral in the case of default. As of June 30, 2023, the note principal was \$230,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 20,000	\$ 7,543
2025	20,000	6,543
2026	20,000	5,542
2027	20,000	4,543
2028	20,000	3,542
2029-2033	120,000	9,413
2034	<u>10,000</u>	<u>321</u>
Totals	<u>\$ 230,000</u>	<u>\$ 37,447</u>

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

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Road Equipment

On March 18, 2021, the Bath County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program to purchase a dump truck. The agreement requires four annual payments at an interest rate of 2.99 percent to be paid in full on March 20, 2026. The equipment is held for collateral in the case of default. As of June 30, 2023, the lease principal outstanding was \$70,064. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 24,901	\$ 1,761
2025	25,557	1,003
2026	<u>19,606</u>	<u>246</u>
Totals	<u>\$ 70,064</u>	<u>\$ 3,010</u>

4. Sheriff Truck

On February 17, 2022, the Bath County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program to purchase a sheriff truck. The agreement requires monthly payments at an interest rate of 3.74 percent to be paid in full on March 20, 2027. The truck is held for collateral in the case of default. As of June 30, 2023, the principal balance remaining was \$24,077. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 6,095	\$ 797
2025	6,326	565
2026	6,567	324
2027	<u>5,089</u>	<u>80</u>
Totals	<u>\$ 24,077</u>	<u>\$ 1,766</u>

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

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

5. Mack Truck

On June 23, 2022, the Bath County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program to purchase a dump truck. The agreement requires monthly payments at an interest rate of 3.74 percent to be paid in full on December 20, 2023. The truck is held for collateral in the case of default. As of June 30, 2023, the principal balance remaining was \$166,589. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 166,589	\$ 3,115
Totals	<u>\$ 166,589</u>	<u>\$ 3,115</u>

6. Supervisor Truck

On June 20, 2022, the Bath County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program to purchase a truck. The agreement requires monthly payments at an interest rate of 3.74 percent to be paid in full on July 20, 2027. The truck is held for collateral in the case of default. As of June 30, 2023, the principal balance remaining was \$32,168. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 7,430	\$ 1,077
2025	7,713	794
2026	8,007	500
2027	8,311	196
2028	<u>707</u>	<u>2</u>
Totals	<u>\$ 32,168</u>	<u>\$ 2,569</u>

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

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

7. Jailer Truck

On August 17, 2022, the Bath County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust Program to purchase a truck. The agreement requires monthly payments at an interest rate of 3.74 percent to be paid in full on August 20, 2027. The truck is held for collateral in the case of default. As of June 30, 2023, the principal balance remaining was \$34,313. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 7,755	\$ 1,151
2025	8,050	856
2026	8,356	550
2027	8,674	232
2028	1,478	7
Totals	<u>\$ 34,313</u>	<u>\$ 2,796</u>

B. Other Debt

1. Revenue Bond Anticipation Notes, Series 2020

On October 22, 2020, the Bath County Public Properties Corporation issued \$1,555,000 of revenue bond anticipation notes, series 2020, to begin the initial construction phases of the AOC building. The 2020 series bonds were issued at a coupon rate of 1.18%. Interest is payable semiannually in November and May. The final maturity date is November 1, 2022. A mortgage has been issued secured by the judicial center. In the event of default, the judicial center will be repossessed by the financial institution. The Bath County Public Properties Corporation has entered into an agreement to lease the Bath County Judicial Center to the Administrative Office of the Courts, Commonwealth of Kentucky, for the amount of the bond payments. As of June 30, 2023, the principal balance was paid in full by the issuance of Revenue Bond Anticipation Notes, Series 2022.

2. Revenue Bond Anticipation Notes, Series 2022

On October 27, 2022, the Bath County Public Properties Corporation issued \$1,555,000 of revenue bond anticipation notes, series 2022, to refinance and refund the Series 2020 notes which funded the initial construction phases of the AOC building. The 2022 series bonds were issued at a coupon rate of 3.78%. Interest is payable annually in November. The final maturity date is November 1, 2023. A mortgage has been issued secured by the judicial center. In the event of default, the judicial center will be repossessed by the financial institution. The Bath County Public Properties Corporation has entered into an agreement to lease the Bath County Judicial Center to the Administrative Office of the Courts, Commonwealth of Kentucky, for the amount of the bond payments. As of June 30, 2023, the principal balance was \$1,555,000. Future principal and interest requirements are as follows:

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

Note 5. Long-term Debt (Continued)

B. Other Debt (Continued)

2. Revenue Bond Anticipation Notes, Series 2022 (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 1,555,000	\$ 59,432
Totals	<u>\$ 1,555,000</u>	<u>\$ 59,432</u>

C. Changes In Long-term Debt

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

	Balance Restated*	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 568,004	\$ 78,489	\$ 81,957	\$ 564,536	\$ 240,095
Other Debt	<u>1,555,000</u>	<u>1,555,000</u>	<u>1,555,000</u>	<u>1,555,000</u>	<u>1,555,000</u>
Total Long-term Debt	<u>\$ 2,123,004</u>	<u>\$ 1,633,489</u>	<u>\$ 1,636,957</u>	<u>\$ 2,119,536</u>	<u>\$ 1,795,095</u>

*Beginning balance of direct borrowings and direct placements increased \$19 due to a prior year error.

D. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 1,555,000	\$ 59,432	\$ 240,095	\$ 15,627
2025			67,646	9,761
2026			62,536	7,162
2027			42,074	5,051
2028			22,185	3,551
2029-2033			120,000	9,413
2034			<u>10,000</u>	<u>321</u>
Totals	<u>\$ 1,555,000</u>	<u>\$ 59,432</u>	<u>\$ 564,536</u>	<u>\$ 50,886</u>

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

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 (Ky. Ret. Sys.). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$290,522, FY 2022 was \$373,581, and FY 2023 was \$387,589.

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

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

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

The county's contribution rate for nonhazardous employees was 26.79 percent.

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:

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

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

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

Benefits are covered under KRS 78.5536.

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

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

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

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

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

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.

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

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

E. Death Benefit

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

F. Annual Financial Report and Proportionate Share Audit Report

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

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

Note 7. Deferred Compensation

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

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

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

Note 8. Health Reimbursement Account

The Bath County Fiscal Court established a health reimbursement 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 \$2,100 annually to pay for qualified medical expenses. The balance of the plan is \$15,340.

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

Note 9. Insurance

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

Note 10. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to others for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Bath County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2023, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 11. Related Party Transactions

During fiscal year ended June 30, 2023, the county conducted \$2,532 of business for the purchase of equipment and parts from a company owned by the parents of the county treasurer. The county treasurer doesn't have decision making authority and therefore is not involved in the decisions to use the aforementioned company.

Note 12. Subsequent Event

On October 3, 2023, the Bath County, Kentucky Public Properties Corporation issued First Mortgage Revenue Bonds, Series 2023, in the amount of \$18,535,000 for the construction of a judicial center.

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BATH COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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BATH COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 589,000	\$ 601,796	\$ 599,938	\$ (1,858)
In Lieu Tax Payments	40,000	40,000	46,453	6,453
Excess Fees	160,000	160,000	128,893	(31,107)
Licenses and Permits	223,500	223,500	205,070	(18,430)
Intergovernmental	970,175	999,132	206,988	(792,144)
Charges for Services	500	500		(500)
Miscellaneous	127,520	171,954	110,179	(61,775)
Interest	450	735	888	153
Total Receipts	<u>2,111,145</u>	<u>2,197,617</u>	<u>1,298,409</u>	<u>(899,208)</u>
DISBURSEMENTS				
General Government	761,598	933,336	860,228	73,108
Protection to Persons and Property	55,535	57,094	36,992	20,102
General Health and Sanitation	63,504	85,585	65,629	19,956
Social Services	24,500	24,500	14,384	10,116
Recreation and Culture	18,250	25,988	25,849	139
Debt Service	50,916	68,602	67,987	615
Capital Projects	1,100,000	1,292,368	865,827	426,541
Administration	1,298,696	772,230	528,496	243,734
Total Disbursements	<u>3,372,999</u>	<u>3,259,703</u>	<u>2,465,392</u>	<u>794,311</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,261,854)</u>	<u>(1,062,086)</u>	<u>(1,166,983)</u>	<u>(104,897)</u>
Other Adjustments to Cash (Uses)				
Borrowed Money			40,499	40,499
Transfers From Other Funds			2,762,991	2,762,991
Transfers To Other Funds	(138,146)	(138,146)	(806,500)	(668,354)
Total Other Adjustments to Cash (Uses)	<u>(138,146)</u>	<u>(138,146)</u>	<u>1,996,990</u>	<u>2,135,136</u>
Net Change in Fund Balance	(1,400,000)	(1,200,232)	830,007	2,030,239
Fund Balance - Beginning	1,400,000	1,400,000	1,146,327	(253,673)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 199,768</u>	<u>\$ 1,976,334</u>	<u>\$ 1,776,566</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
In Lieu Tax Payments	\$ 34,000	\$ 35,790	\$ 35,790	\$
Intergovernmental	1,726,398	1,828,851	1,682,344	(146,507)
Miscellaneous	142,500	157,547	231,037	73,490
Interest	450	450	404	(46)
Total Receipts	<u>1,903,348</u>	<u>2,022,638</u>	<u>1,949,575</u>	<u>(73,063)</u>
DISBURSEMENTS				
Roads	1,773,348	2,029,116	1,744,631	284,485
Debt Service	186,911	187,280	40,218	147,062
Administration	369,875	516,933	282,337	234,596
Total Disbursements	<u>2,330,134</u>	<u>2,733,329</u>	<u>2,067,186</u>	<u>666,143</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(426,786)</u>	<u>(710,691)</u>	<u>(117,611)</u>	<u>593,080</u>
Other Adjustments to Cash (Uses)				
Borrowed Money		37,990	37,990	
Transfers From Other Funds	575,000	575,000	75,823	(499,177)
Transfers To Other Funds	(223,214)	(223,214)	(75,823)	147,391
Total Other Adjustments to Cash (Uses)	<u>351,786</u>	<u>389,776</u>	<u>37,990</u>	<u>(351,786)</u>
Net Change in Fund Balance	(75,000)	(320,915)	(79,621)	241,294
Fund Balance - Beginning	<u>75,000</u>	<u>320,915</u>	<u>320,915</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 241,294</u>	<u>\$ 241,294</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 93,000	\$ 93,000	\$ 94,231	\$ 1,231
Charges for Services	10,750	15,370	14,379	(991)
Miscellaneous	1,000	3,708	3,709	1
Interest	40	40	38	(2)
Total Receipts	<u>104,790</u>	<u>112,118</u>	<u>112,357</u>	<u>239</u>
DISBURSEMENTS				
Protection to Persons and Property	637,881	789,481	745,969	43,512
Administration	46,909	57,032	37,103	19,929
Total Disbursements	<u>684,790</u>	<u>846,513</u>	<u>783,072</u>	<u>63,441</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(580,000)</u>	<u>(734,395)</u>	<u>(670,715)</u>	<u>63,680</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	570,000	570,000	759,921	189,921
Transfers To Other Funds			(86,921)	(86,921)
Total Other Adjustments to Cash (Uses)	<u>570,000</u>	<u>570,000</u>	<u>673,000</u>	<u>103,000</u>
Net Change in Fund Balance	(10,000)	(164,395)	2,285	166,680
Fund Balance - Beginning	<u>10,000</u>	<u>14,627</u>	<u>14,628</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (149,768)</u>	<u>\$ 16,913</u>	<u>\$ 166,681</u>

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

FEDERAL REIMBURSEMENT CARES FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 4	\$ 4	\$ 5	1
Total Receipts	4	4	5	1
DISBURSEMENTS				
Administration	4,164	4,164		4,164
Total Disbursements	4,164	4,164		4,164
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,160)	(4,160)	5	4,165
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(100)	(100)
Total Other Adjustments to Cash (Uses)			(100)	(100)
Net Change in Fund Balance	(4,160)	(4,160)	(95)	4,065
Fund Balance - Beginning	4,160	4,160	4,156	(4)
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,061	\$ 4,061

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

	WASTE MANAGEMENT FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 102,000	\$ 102,000	\$ 113,887	\$ 11,887
Licenses and Permits	34,000	34,000	30,700	(3,300)
Miscellaneous	2,340	2,340		(2,340)
Interest	15	15	14	(1)
Total Receipts	<u>138,355</u>	<u>138,355</u>	<u>144,601</u>	<u>6,246</u>
DISBURSEMENTS				
General Health and Sanitation	149,870	196,845	193,868	2,977
Administration	24,485	27,510	19,623	7,887
Total Disbursements	<u>174,355</u>	<u>224,355</u>	<u>213,491</u>	<u>10,864</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(36,000)</u>	<u>(86,000)</u>	<u>(68,890)</u>	<u>17,110</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	20,000	20,000	112,994	92,994
Transfers To Other Funds			(44,494)	(44,494)
Total Other Adjustments to Cash (Uses)	<u>20,000</u>	<u>20,000</u>	<u>68,500</u>	<u>48,500</u>
Net Change in Fund Balance	(16,000)	(66,000)	(390)	65,610
Fund Balance - Beginning	<u>16,000</u>	<u>16,000</u>	<u>9,941</u>	<u>(6,059)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (50,000)</u>	<u>\$ 9,551</u>	<u>\$ 59,551</u>

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

	OCCUPATIONAL TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,025,000	\$ 1,236,649	\$ 1,247,693	\$ 11,044
Interest	225	1,734	1,753	19
Total Receipts	<u>1,025,225</u>	<u>1,238,383</u>	<u>1,249,446</u>	<u>11,063</u>
DISBURSEMENTS				
General Government	2,585	8,585	7,086	1,499
Administration	166,500	373,658	199,202	174,456
Total Disbursements	<u>169,085</u>	<u>382,243</u>	<u>206,288</u>	<u>175,955</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>856,140</u>	<u>856,140</u>	<u>1,043,158</u>	<u>187,018</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(868,640)</u>	<u>(868,640)</u>	<u>(1,045,810)</u>	<u>(177,170)</u>
Total Other Adjustments to Cash (Uses)	<u>(868,640)</u>	<u>(868,640)</u>	<u>(1,045,810)</u>	<u>(177,170)</u>
Net Change in Fund Balance	(12,500)	(12,500)	(2,652)	9,848
Fund Balance - Beginning	<u>12,500</u>	<u>12,500</u>	<u>12,456</u>	<u>(44)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,804</u>	<u>\$ 9,804</u>

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

	911 FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 110,000	\$ 110,000	\$ 94,350	\$ (15,650)
Licenses and Permits	9,250	9,250	9,173	(77)
Intergovernmental	160,000	160,000	171,951	11,951
Miscellaneous	1,000	1,000	54	(946)
Interest	140	140	44	(96)
Total Receipts	<u>280,390</u>	<u>280,390</u>	<u>275,572</u>	<u>(4,818)</u>
DISBURSEMENTS				
General Government				
Protection to Persons and Property	305,500	315,248	290,967	24,281
Administration	119,890	111,259	100,375	10,884
Total Disbursements	<u>425,390</u>	<u>426,507</u>	<u>391,342</u>	<u>35,165</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(145,000)</u>	<u>(146,117)</u>	<u>(115,770)</u>	<u>30,347</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	65,000		288,419	288,419
Transfers To Other Funds			<u>(223,419)</u>	<u>(223,419)</u>
Total Other Adjustments to Cash (Uses)	<u>65,000</u>		<u>65,000</u>	<u>65,000</u>
Net Change in Fund Balance	(80,000)	(146,117)	(50,770)	95,347
Fund Balance - Beginning	<u>80,000</u>	<u>81,117</u>	<u>81,117</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,347</u>	<u>\$ 95,347</u>

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

ALCOHOL BEVERAGE CONTROL FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 50,000	\$ 50,000	\$ 46,503	\$ (3,497)
Total Receipts	<u>50,000</u>	<u>50,000</u>	<u>46,503</u>	<u>(3,497)</u>
DISBURSEMENTS				
General Government		7,623	7,623	
Administration	50,000	62,226		62,226
Total Disbursements	<u>50,000</u>	<u>69,849</u>	<u>7,623</u>	<u>62,226</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(19,849)</u>	<u>38,880</u>	<u>58,729</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(54,804)	(54,804)
Total Other Adjustments to Cash (Uses)			<u>(54,804)</u>	<u>(54,804)</u>
Net Change in Fund Balance		(19,849)	(15,924)	3,925
Fund Balance - Beginning		<u>19,849</u>	<u>19,849</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,925</u>	<u>\$ 3,925</u>

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

	LATC FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$	\$ 82,515	\$ 82,515	\$
Total Receipts		82,515	82,515	
DISBURSEMENTS				
Administration		82,515		82,515
Total Disbursements		82,515		82,515
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			82,515	82,515
Net Change in Fund Balance			82,515	82,515
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 82,515	\$ 82,515

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

OPIOID SETTLEMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	73,952	\$ 73,952	\$
Total Receipts		73,952	73,952	
DISBURSEMENTS				
General Government		7,200	6,720	480
Administration		66,752		66,752
Total Disbursements		73,952	6,720	67,232
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			67,232	67,232
Net Change in Fund Balance			67,232	67,232
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 67,232	\$ 67,232

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

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 5,800	\$ 5,800	\$ 2,961	\$ (2,839)
Total Receipts	<u>5,800</u>	<u>5,800</u>	<u>2,961</u>	<u>(2,839)</u>
DISBURSEMENTS				
Administration	1,665,390	1,665,390		1,665,390
Total Disbursements	<u>1,665,390</u>	<u>1,665,390</u>		<u>1,665,390</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,659,590)</u>	<u>(1,659,590)</u>	<u>2,961</u>	<u>1,662,551</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,662,277)	(1,662,277)
Total Other Adjustments to Cash (Uses)			<u>(1,662,277)</u>	<u>(1,662,277)</u>
Net Change in Fund Balance	(1,659,590)	(1,659,590)	(1,659,316)	274
Fund Balance - Beginning	<u>1,659,590</u>	<u>1,659,590</u>	<u>1,659,484</u>	<u>(106)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 168</u>	<u>\$ 168</u>

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

CLERK STORAGE FEES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 22,000	\$ 22,000	\$ 18,910	\$ (3,090)
Total Receipts	<u>22,000</u>	<u>22,000</u>	<u>18,910</u>	<u>(3,090)</u>
DISBURSEMENTS				
General Government		7,333	6,956	377
Administration	22,000	14,667		14,667
Total Disbursements	<u>22,000</u>	<u>22,000</u>	<u>6,956</u>	<u>15,044</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>11,954</u>	<u>11,954</u>
Net Change in Fund Balance			11,954	11,954
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,954</u>	<u>\$ 11,954</u>

BATH COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

Note 1. Budgetary Information

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

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

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

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BATH COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

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BATH COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	(Restated*) Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land	\$ 169,643	\$	\$	\$ 169,643
Land Improvements	544,755			544,755
Construction In Progress*	945,294	95,803		1,041,097
Buildings and Building Improvements*	1,993,738			1,993,738
Other Equipment*	973,488	613,973		1,587,461
Vehicles & Equipment*	705,568	102,861		808,429
Infrastructure*	9,527,674	1,086,050		10,613,724
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets	<u>\$ 14,860,160</u>	<u>\$ 1,898,687</u>	<u>\$ 0</u>	<u>\$ 16,758,847</u>

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

June 30, 2023

Note 1. Capital Assets

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

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

Note 2. Restatement of Capital Assets Beginning Balances

Construction in progress, buildings and building improvements, other equipment, vehicles and equipment, and infrastructure were restated by \$423,145, (\$58,504), (\$22,648), (\$833,922), and \$491,998 respectively for prior year misclassifications.

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Forrest McKenzie, Bath County Judge/Executive
Members of the Bath County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Bath County Fiscal Court for the fiscal year ended June 30, 2023 and the related notes to the financial statement which collectively comprise the Bath County Fiscal Court's financial statement and have issued our report thereon dated May 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Bath County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Bath County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bath County Fiscal Court's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 or significant deficiencies may exist that were not identified.



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

Report on Compliance And Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

May 16, 2024