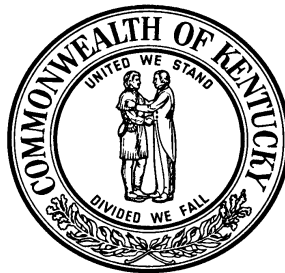


**REPORT OF THE AUDIT OF THE
FLOYD COUNTY
FISCAL COURT**

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



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov**

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



ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

The enclosed report prepared by Patrick & Associates, LLC presents the financial statement of Floyd County, Kentucky, for the year ended June 30, 2023.

We engaged Patrick & Associates, LLC to perform the audit of this financial statement. We worked closely with the firm during our report review process; Patrick & Associates, LLC evaluated the Floyd County Fiscal Court's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Shawna I. Crouse, CPA
Assistant Auditor of Public Accounts
Frankfort, Ky

Enclosure



THIS PAGE LEFT BLANK INTENTIONALLY

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
FLOYD COUNTY OFFICIALS	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS	8
NOTES TO FINANCIAL STATEMENT	13
BUDGETARY COMPARISON SCHEDULES	29
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES	43
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	48
SCHEDULE OF CAPITAL ASSETS	51
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS	52
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 <i>GOVERNMENT AUDITING STANDARDS</i>	55
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE	59
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	65
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS	

THIS PAGE LEFT BLANK INTENTIONALLY



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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

Independent Auditor's Report

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 Floyd County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Floyd County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Floyd 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 Floyd 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 Floyd 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 Robbie Williams, Floyd County Judge/Executive
Members of the Floyd 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 Floyd 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

Floyd 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 Floyd 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 Floyd 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 Robbie Williams, Floyd County Judge/Executive
Members of the Floyd 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 Floyd County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 and Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards 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
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Robbie Williams, Floyd County Judge/Executive
Members of the Floyd County Fiscal Court

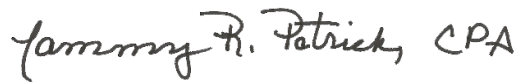
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 8, 2024, on our consideration of the Floyd 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 Floyd County Fiscal Court's internal control over financial reporting and compliance.

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

- 2023-001 The Floyd County Jailer Does Not Have Segregation Of Duties Over Receipts, Disbursements, And Bank Reconciliation Processes Of The Jail Commissary
- 2023-002 The Floyd County Jailer Did Not Have Adequate Controls Over Jail Commissary Disbursements
- 2023-003 The Floyd County Jailer Failed To Properly Reconcile And Account For The Inmate Account And Inmate Balances
- 2023-004 The Floyd County Fiscal Court Failed To Properly Segregate All Accounting Duties
- 2023-005 The Floyd County Fiscal Court Failed To Implement Proper Internal Controls Over Disbursements

Respectfully submitted,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

April 8, 2024

FLOYD COUNTY OFFICIALS
For The Year Ended June 30, 2023

Fiscal Court Members:

Robbie Williams	County Judge/Executive
Mark Crider	Magistrate
George Ousley	Magistrate
Mike Tackett	Magistrate
Ronnie Akers	Magistrate

Other Elected Officials:

Keith Bartley	County Attorney
Stuart Halbert (July 1, 2022 through December 29, 2022)	Jailer
Steve Little (December 30, 2022 through present)	Jailer
Chris Waugh	County Clerk
Douglas Hall	Circuit Court Clerk
John Hunt	Sheriff
Connie Hancock (July 1, 2022 through January 2, 2023)	Property Valuation Administrator
David Layne (beginning January 3, 2024 through present)	Property Valuation Administrator
Gregory Nelson	Coroner

Appointed Personnel:

David Layne (July 1, 2022 through January 2, 2023)	County Treasurer
Vicki Spencer (beginning January 3, 2024 through present)	County Treasurer

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2023

FLOYD 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	\$ 4,467,894	\$	\$
In Lieu Tax Payments	5,571		
Excess Fees	75,380		
Licenses and Permits	34,860		
Intergovernmental	1,409,375	8,218,015	538,955
Charges for Services	2,230,378		
Miscellaneous	1,300,841		8,978
Interest	41,753	28,835	6,926
Total Receipts	<u>9,566,052</u>	<u>8,246,850</u>	<u>554,859</u>
DISBURSEMENTS			
General Government	3,139,620		
Protection to Persons and Property	492,042		2,212,908
General Health and Sanitation	2,155,479		
Social Services	444,507		
Recreation and Culture	16,440		
Roads		4,070,649	
Debt Service	141,629	187,969	
Administration	872,585	453,711	428,639
Total Disbursements	<u>7,262,302</u>	<u>4,712,329</u>	<u>2,641,547</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,303,750</u>	<u>3,534,521</u>	<u>(2,086,688)</u>
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds		689,680	
Transfers From Other Funds	1,500,000	443,000	2,150,000
Transfers To Other Funds	(3,926,861)	(1,905,000)	
Total Other Adjustments to Cash (Uses)	<u>(2,426,861)</u>	<u>(772,320)</u>	<u>2,150,000</u>
Net Change in Fund Balance	(123,111)	2,762,201	63,312
Fund Balance - Beginning (Restated)	1,143,405	144,209	134,979
Fund Balance - Ending	<u>\$ 1,020,294</u>	<u>\$ 2,906,410</u>	<u>\$ 198,291</u>
Composition of Fund Balance			
Bank Balance	\$ 1,122,137	\$ 2,906,410	\$ 198,291
Less: Outstanding Checks	(101,843)		
Fund Balance - Ending	<u>\$ 1,020,294</u>	<u>\$ 2,906,410</u>	<u>\$ 198,291</u>

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

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

Budgeted Funds						
Local Government Economic Assistance Fund	State Grants Fund	Federal Grants Fund	Federal Disaster Fund	Alcoholic Beverage Control Fund	Revolving Loan Fund	E-911 Fund
\$ 131,292	\$	\$	\$	\$ 6,647	\$	\$ 110,647
2,110,872	10,000		302,158			
128,711						
19,420	1,250					148,349
62,418	574		1,049	3	574	2,335
<u>2,452,713</u>	<u>11,824</u>		<u>303,207</u>	<u>6,650</u>	<u>574</u>	<u>261,331</u>
105,861	31,987					235,939
178,562	26,250		3,157,798			
717,584						
167,860						20,746
<u>1,169,867</u>	<u>58,237</u>		<u>3,157,798</u>			<u>256,685</u>
1,282,846	(46,413)		(2,854,591)	6,650	574	4,646
	26,250		3,805,000			34,178
(226,250)			(200,000)			
<u>(226,250)</u>	<u>26,250</u>		<u>3,605,000</u>			<u>34,178</u>
1,056,596	(20,163)		750,409	6,650	574	38,824
97,528	23,534	91	662,826		16,143	48,388
<u>\$ 1,154,124</u>	<u>\$ 3,371</u>	<u>\$ 91</u>	<u>\$ 1,413,235</u>	<u>\$ 6,650</u>	<u>\$ 16,717</u>	<u>\$ 87,212</u>
\$ 1,154,124	\$ 3,371	\$ 91	\$ 1,413,235	\$ 6,650	\$ 16,717	\$ 87,212
<u>\$ 1,154,124</u>	<u>\$ 3,371</u>	<u>\$ 91</u>	<u>\$ 1,413,235</u>	<u>\$ 6,650</u>	<u>\$ 16,717</u>	<u>\$ 87,212</u>

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

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

	Budgeted Funds			
	Water and Sewer Fund	Construction Fund	Opioid Fund	American Rescue Plan Act Fund
RECEIPTS				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental			29	3,456,373
Charges for Services				
Miscellaneous				
Interest		65,665	4,967	46,032
Total Receipts		65,665	4,996	3,502,405
DISBURSEMENTS				
General Government				399,394
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Roads				
Debt Service				
Administration				
Total Disbursements				399,394
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		65,665	4,996	3,103,011
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				
Transfers From Other Funds	330,000	1,000,000	876,861	
Transfers To Other Funds		(1,000,000)		(2,907,178)
Total Other Adjustments to Cash (Uses)	330,000		876,861	(2,907,178)
Net Change in Fund Balance	330,000	65,665	881,857	195,833
Fund Balance - Beginning (Restated)	5	2,005,917		571,099
Fund Balance - Ending	\$ 330,005	\$ 2,071,582	\$ 881,857	\$ 766,932
Composition of Fund Balance				
Bank Balance	\$ 330,005	\$ 2,071,582	\$ 881,857	\$ 766,932
Less: Outstanding Checks				
Ending Fund Balance	\$ 330,005	\$ 2,071,582	\$ 881,857	\$ 766,932

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

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

<u>Unbudgeted Funds</u>			
<u>Clerk Storage Fee Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
\$	\$	\$	\$ 4,716,480
			5,571
			75,380
			34,860
	616,245		16,662,022
			2,359,089
36,071		121,456	1,636,365
		150	261,281
<u>36,071</u>	<u>616,245</u>	<u>121,606</u>	<u>25,751,048</u>
			3,539,014
			3,078,737
			5,518,089
			444,507
		111,807	845,831
			4,070,649
	615,745		945,343
	500		1,944,041
	<u>616,245</u>	<u>111,807</u>	<u>20,386,211</u>
<u>36,071</u>		<u>9,799</u>	<u>5,364,837</u>
			689,680
			10,165,289
			(10,165,289)
			689,680
36,071		9,799	6,054,517
	29,815	87,047	4,964,986
<u>\$ 36,071</u>	<u>\$ 29,815</u>	<u>\$ 96,846</u>	<u>\$ 11,019,503</u>
\$ 36,071	\$ 29,815	\$ 96,846	\$ 11,121,346
			(101,843)
<u>\$ 36,071</u>	<u>\$ 29,815</u>	<u>\$ 96,846</u>	<u>\$ 11,019,503</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	13
NOTE 2.	DEPOSITS	16
NOTE 3.	TRANSFERS	17
NOTE 4.	CUSTODIAL FUNDS	17
NOTE 5.	LEASES	17
NOTE 6.	LONG-TERM DEBT	18
NOTE 7.	EMPLOYEE RETIREMENT SYSTEM	21
NOTE 8.	DEFERRED COMPENSATION	24
NOTE 9.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT	24
NOTE 10.	INSURANCE	24
NOTE 11.	CONDUIT DEBT	25
NOTE 12.	CONTINGENCIES	25
NOTE 13.	GARTH LANDFILL	25
NOTE 14.	PRIOR YEAR ADJUSTMENT	25

**FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Floyd County includes all budgeted and unbudgeted funds under the control of the Floyd 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.

The Floyd County Economic Development Authority and Floyd County Recreational and Tourism Commission would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they no longer are required components of the reporting entity.

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.

FLOYD 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)

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.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

State Grants Fund - The primary purpose of this fund is to account for state grant expenses of the county. The primary source of receipts for this fund is from the state.

Federal Grants Fund - The primary purpose of this fund is to account for federal grant expenses of the county. The primary sources of receipts for this fund are federal grants.

Federal Disaster Fund - The primary purpose of this fund is for the receipts and disbursement of funds for Federal Emergency Management Agency (FEMA) projects.

Alcoholic Beverage Control Fund- The primary purpose of this fund is to account for the receipt of alcoholic beverage licenses of the county.

Revolving Loan Fund - The primary purpose of this fund is to account for the receipt of notes receivable of the county.

E-911 Fund - The primary purpose of this fund is to support the county's 911 system.

Water and Sewer Fund - The primary purpose of this fund is to account for the receipts and disbursements related to water and sewer projects.

Construction Fund - The primary purpose of this fund is to accumulate resources and to disburse as needed for construction or other projects.

Opioid Fund - The primary purpose of this fund is to account for funds received due to opioid settlement funds.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for the American Rescue Plan Act grant receipts and disbursements. The primary source of receipts for this fund is from the American Rescue Plan Act grant.

Unbudgeted Funds

The fiscal court reports the following unbudgeted fund:

Clerk Storage Fee Fund - The primary purpose of this fund is to account for the county clerk storage fee receipts and disbursements.

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

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.

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 require the clerk storage fee fund to be budgeted, however this fund was not budgeted.

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

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. Floyd County Elected Officials

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

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

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

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

Note 3. Transfers

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

	General Fund	Road Fund	Local Government Economic Assistance Fund	Construction Fund	American Rescue Plan Act Fund	Federal Disaster Fund	Total Transfers In
General Fund	\$	\$	\$	\$	\$1,500,000	\$	\$ 1,500,000
Road Fund	200,000				43,000	200,000	443,000
Jail Fund	1,950,000		200,000				2,150,000
State Grants Fund			26,250				26,250
Federal Disasters Fund	900,000	1,905,000		1,000,000			3,805,000
911 Fund					34,178		34,178
Construction Fund					1,000,000		1,000,000
Opioid Settlement Fund	876,861						876,861
Water and Sewer Fund					330,000		330,000
Total Transfers Out	<u>\$ 3,926,861</u>	<u>\$ 1,905,000</u>	<u>\$ 226,250</u>	<u>\$ 1,000,000</u>	<u>\$ 2,907,178</u>	<u>\$ 200,000</u>	<u>\$ 10,165,289</u>

Reason for transfers:

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

Note 4. Custodial Funds

Custodial 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 custodial funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2023, was \$12,197.

Bail Bonds Fund - This fund accounts for the fee charged for processing a bail bond. The balance in the bail bonds fund as of June 30, 2023, was \$10.

Town of Martin Corps of Engineers Flood Control Project Escrow Account - This account receives and disburses funds used for the Town of Martin Corps of Engineers Flood Control Project. The balance as of June 30, 2023, was \$1,092,658.

Note 5. Leases

Lessor

In August 2013, the Floyd County Public Properties Corporation (the corporation), a blended component unit of the fiscal court, began leasing the judicial center to the Administrative Office of the Courts (AOC). The lease period is for a 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 \$616,245 in lease revenue during the current fiscal year. As of June 30, 2023, the corporation's receivable for lease payments was zero. As of July 1, 2022, the lease was renewed for a two-year period with lease valued revenues totaling \$615,420.

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

Note 5. Leases (Continued)

Lessee

The county leases office space for the offices of county clerk and county sheriff. The lease requires monthly payments of \$5,000. Total payments for the year ended June 30, 2023, were \$60,000. There is not a known lease agreement associated with this lease or when it originated. The value of future lease requirements is unknown.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Southern Water

On April 8, 2023, the Floyd County Fiscal Court entered into an agreement with Kentucky Association of Counties (KACO) in the amount of \$1,535,000 to refinance the Kentucky Area Development Districts Financing Trust, Series 2006K originally in the amount of \$2,600,000. The Series 2006K was used to refund the First Mortgage Revenue Bond Anticipation 2004B in the amount of \$2,455,000. Terms of the agreement stipulate a 15-year repayment schedule, with biannual interest payments at a rate of 2.18%. In the event of default the lessor may, by appropriate court action, enforce the pledge set forth of this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due; sell or re-lease the project or any portion thereof; or take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease and any collateral documents (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law), and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof. The principal amount is due December 20 and June 30 of each year. As of June 30, 2023, the principal balance was \$1,365,000. Payments for the remaining years are:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2024	\$ 85,000	\$ 50,028
2025	90,000	46,504
2026	95,000	41,878
2027	100,000	37,004
2028	105,000	31,879
2029-2033	615,000	80,518
2034-2035	275,000	6,643
Totals	<u>\$ 1,365,000</u>	<u>\$ 294,454</u>

2. Dump Trucks

On December 22, 2022, Floyd County entered into an agreement with Kentucky Association of Counties Leasing Trust in the amount of \$290,844 at 2.12% interest for the period of 17-months. The funds were used to finance the purchase of two dump trucks. The agreement is secured but not limited to the property purchased. In the event of a default, the property purchased will be repossessed by the financial institution. As of June 30, 2023, the principal outstanding was paid in full.

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

Note 6. Long Term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Dump Trucks

On November 3, 2023, Floyd County entered into an agreement with Kentucky Association of Counties Leasing Trust in the amount of \$689,680 at 4.665% interest for the period of 18-months. The funds were used to finance the purchase of two dump trucks. The agreement is secured but not limited to the property purchased. In the event of a default, the property purchased will be repossessed by the financial institution. As of June 30, 2023, the principal outstanding was \$689,680. Future principals and interest requirements are:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2024	\$ 689,680	\$ 29,492
Totals	\$ 689,680	\$ 29,492

B. Other Debt

1. First Mortgage Revenue Refunding Bonds, Series 2013 - Justice Center Project

In August 2013, the Floyd County Public Properties Corporation issued \$6,200,000 in first mortgage revenue bonds, series 2013. The proceeds from these refunding bonds were used to refinance the 2002 first mortgage revenue bonds. These bonds are scheduled to mature in fiscal year 2027 and carry an interest rate of 1.2% to 3.6%. Semiannual interest payments are required on September 1 and March 1 of each year. The Floyd County Public Properties Corporation is acting as an agent for the Administrative Office of the Courts in order to manage and maintain the justice center. The Floyd Public Properties Corporation expects rentals for use of the justice center to be in the full amount of the principal and interest requirements of the bonds. Under the terms of a lease, the Administrative Office of the Courts has agreed to pay directly to the paying agent bank, the use allowances payment as provided in the lease. The lease agreement is renewable each year. The Floyd Public Properties Corporation is in reliance upon the use allowance payment in order to meet debt service on the bonds.

The Administrative Office of the Courts with the execution of the lease expressed its intention to continue to pay the full allowance payment in successive biennial budget periods until March 2027. However, the lease does not obligate the Administrative Office of the Courts to do so. In the event of default, by enforcement of the foreclosable mortgage lien on the project site and improvements granted by the mortgage, and in such event the trustee will take over possession, custody and control of the project and will operate or carry out decretal sale of same with due regard to state and federal law and the covenants contained in the lease for the benefit of the owners of the bonds; by bringing suit upon the bonds; by action or suit in equity, require the corporation to account as if it were the trustee of an express trust for the owners of the bonds; by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the bonds; by declaring all bonds due and payable, and if all defaults will be made good, then, with the written consent of the owners of not less than 25% in a principal amount of the outstanding bonds, by annulling such declaration and its consequences; and in the event that all bonds are declared due and payable, by selling investment obligations of the corporation (to the extent not theretofore set aside for redemption of the bonds for which call has been made), and enforcing all chooses in action of the corporation to the fullest legal extent in the name of the corporation for the use and benefit of the owners of the bonds. As of June 30, 2023, the principal balance on these bonds was \$2,300,000. Debt service requirements for the remaining years are:

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

Note 6. Long Term Debt (Continued)

B. Other Debt (Continued)

1. First Mortgage Revenue Refunding Bonds, Series 2013 - Justice Center Project (Continued)

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2024	\$ 545,000	\$ 69,348
2025	565,000	51,577
2026	585,000	32,017
2027	605,000	10,890
Totals	<u>\$ 2,300,000</u>	<u>\$ 163,832</u>

2. Series 2017 - Asphalt

In October 2017, the county entered into a lease agreement with the Kentucky Association of Counties Finance Corporation for \$2,125,000 in order to perform various road and jail improvements. The lease is scheduled to mature in fiscal year 2032 and carry an interest rate of 3.93%. Semiannual interest payments are required on December 20 and June 30 of each year. In the event of default the lessor may, without any further demand or notice, take one or any combination of the following remedial steps, by appropriate court action, enforce the pledge set forth in this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due; take legal title to, and sell or re-lease the project or any portion thereof; take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof. As of June 30, 2023, the principal balance on the lease was \$1,550,000. Debt service requirements for the remaining years are:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2024	\$ 130,000	\$ 57,557
2025	135,000	51,931
2026	140,000	46,094
2027	145,000	40,044
2028	150,000	33,782
2029-3033	850,000	78,210
Totals	<u>\$ 1,550,000</u>	<u>\$ 307,618</u>

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

Note 6. Long Term Debt (Continued)

C. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 1,740,844	\$ 689,680	\$ 375,844	\$ 2,054,680	\$ 774,680
Other Debt	4,505,000		655,000	3,850,000	675,000
Total Long-term Debt	<u>\$ 6,245,844</u>	<u>\$ 689,680</u>	<u>\$ 1,030,844</u>	<u>\$ 5,904,680</u>	<u>\$ 1,449,680</u>

D. Aggregate Debt Schedule

The amounts 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	\$ 675,000	\$ 126,905	\$ 774,680	\$ 79,520
2025	700,000	103,508	90,000	46,504
2026	725,000	78,111	95,000	41,878
2027	750,000	50,934	100,000	37,004
2028	150,000	33,782	105,000	31,879
2029-2033	850,000	78,210	615,000	80,518
2034-2035			275,000	6,643
Totals	<u>\$ 3,850,000</u>	<u>\$ 471,450</u>	<u>\$ 2,054,680</u>	<u>\$ 323,946</u>

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$707,764, FY 2022 was \$842,288 and FY 2023 was \$887,735.

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

Note 7. Employee Retirement System (Continued)

Nonhazardous

Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6% of their salary to be allocated as follows: 5% will go to the member's account and 1% 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% of their annual creditable compensation. Nonhazardous members also contribute 1% 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% 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 26.95%.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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 \$10 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 \$10 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%. 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% 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%. 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, 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.

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

Note 7. Employee Retirement System (Continued)

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

Ky. Ret. Sys. issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pension 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 8. Deferred Compensation

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

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

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

Note 9. Health Reimbursement Account/Flexible Spending Account

The Floyd County Fiscal Court established a flexible spending account and health reimbursement account to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The administrator tracks employee and employer contributions to the plan based on the enrollment forms and claims paid to determine availability of funds per employee. The funds are kept in bank account by the county and the third-party administrator withdraws claims from the account.

Note 10. Insurance

For the fiscal year ended June 30, 2023, the Floyd 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.

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

Note 11. 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 Floyd 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 12. Contingencies

The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 13. Garth Landfill

The Garth Landfill quit accepting garbage in the mid 1990's. The Floyd County Fiscal Court must comply with established state and federal landfill closure and post closure procedures and must perform maintenance and monitoring procedures at the site for 30 years after closure. During the fiscal year ended June 30, 2023, the county incurred \$12,000 for monitoring, supplies, equipment, and testing associated with the closing of Garth Landfill.

Note 14. Prior Year Adjustment

The beginning general fund balance was increased due to prior year voided checks by \$6,561.

THIS PAGE LEFT BLANK INTENTIONALLY

FLOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

FLOYD 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	\$ 3,984,800	\$ 3,984,800	\$ 4,467,894	\$ 483,094
In Lieu Tax Payments	21,000	21,000	5,571	(15,429)
Excess Fees	104,000	104,000	75,380	(28,620)
Licenses and Permits	34,500	34,500	34,860	360
Intergovernmental	1,480,550	1,480,550	1,409,375	(71,175)
Charges for Services	2,185,000	2,185,000	2,230,378	45,378
Miscellaneous	704,000	704,000	1,300,841	596,841
Interest	4,000	4,000	41,753	37,753
Total Receipts	<u>8,517,850</u>	<u>8,517,850</u>	<u>9,566,052</u>	<u>1,048,202</u>
DISBURSEMENTS				
General Government	2,676,149	3,364,149	3,139,620	224,529
Protection to Persons and Property	681,890	605,390	492,042	113,348
General Health and Sanitation	2,122,800	2,173,800	2,155,479	18,321
Social Services	388,600	453,600	444,507	9,093
Recreation and Culture			16,440	(16,440)
Airports	3,000			
Debt Service	769,300	143,300	141,629	1,671
Administration	918,261	979,761	872,585	107,176
Total Disbursements	<u>7,560,000</u>	<u>7,720,000</u>	<u>7,262,302</u>	<u>457,698</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>957,850</u>	<u>797,850</u>	<u>2,303,750</u>	<u>1,505,900</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	1,000	1,000		(1,000)
Transfers From Other Funds			1,500,000	1,500,000
Transfers To Other Funds	(2,550,000)	(2,550,000)	(3,926,861)	(1,376,861)
Total Other Adjustments to Cash (Uses)	<u>(2,549,000)</u>	<u>(2,549,000)</u>	<u>(2,426,861)</u>	<u>122,139</u>
Net Change in Fund Balance	(1,591,150)	(1,751,150)	(123,111)	1,628,039
Fund Balance Beginning (Restated)	<u>1,591,150</u>	<u>1,591,150</u>	<u>1,143,405</u>	<u>(447,745)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (160,000)</u>	<u>\$ 1,020,294</u>	<u>\$ 1,180,294</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 3,183,900	\$ 5,183,900	\$ 8,218,015	\$ 3,034,115
Miscellaneous	1,000	1,000		(1,000)
Interest	2,500	2,500	28,835	26,335
Total Receipts	<u>3,187,400</u>	<u>5,187,400</u>	<u>8,246,850</u>	<u>3,059,450</u>
DISBURSEMENTS				
Roads	3,878,300	6,167,800	4,070,649	2,097,151
Debt Service	509,000	349,000	187,969	161,031
Administration	512,700	523,200	453,711	69,489
Total Disbursements	<u>4,900,000</u>	<u>7,040,000</u>	<u>4,712,329</u>	<u>2,327,671</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,712,600)</u>	<u>(1,852,600)</u>	<u>3,534,521</u>	<u>5,387,121</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			689,680	689,680
Transfers From Other Funds	1,400,000	1,400,000	443,000	(957,000)
Transfers To Other Funds			(1,905,000)	(1,905,000)
Total Other Adjustments to Cash (Uses)	<u>1,400,000</u>	<u>1,400,000</u>	<u>(772,320)</u>	<u>(2,172,320)</u>
Net Change in Fund Balance	(312,600)	(452,600)	2,762,201	3,214,801
Fund Balance Beginning	312,600	312,600	144,209	(168,391)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (140,000)</u>	<u>\$ 2,906,410</u>	<u>\$ 3,046,410</u>

FLOYD 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	\$ 605,000	\$ 605,000	\$ 538,955	\$ (66,045)
Charges for Services	21,000	21,000		(21,000)
Miscellaneous	64,000	64,000	8,978	(55,022)
Interest Earned	300	300	6,926	6,626
Total Receipts	<u>690,300</u>	<u>690,300</u>	<u>554,859</u>	<u>(135,441)</u>
DISBURSEMENTS				
Protection to Persons and Property	2,028,000	2,326,000	2,212,908	113,092
Administration	572,000	474,000	428,639	45,361
Total Disbursements	<u>2,600,000</u>	<u>2,800,000</u>	<u>2,641,547</u>	<u>158,453</u>
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	<u>(1,909,700)</u>	<u>(2,109,700)</u>	<u>(2,086,688)</u>	<u>23,012</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,800,000</u>	<u>1,800,000</u>	<u>2,150,000</u>	<u>350,000</u>
Total Other Adjustments to Cash (Uses)	<u>1,800,000</u>	<u>1,800,000</u>	<u>2,150,000</u>	<u>350,000</u>
Net Change in Fund Balance	(109,700)	(309,700)	63,312	373,012
Fund Balance Beginning	<u>109,700</u>	<u>109,700</u>	<u>134,979</u>	<u>25,279</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (200,000)</u>	<u>\$ 198,291</u>	<u>\$ 398,291</u>

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

	LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 100,000	\$ 100,000	\$ 131,292	\$ 31,292
Intergovernmental	1,834,000	1,834,000	2,110,872	276,872
Charges for Services	75,000	75,000	128,711	53,711
Miscellaneous	23,000	23,000	19,420	(3,580)
Interest	5,000	5,000	62,418	57,418
Total Receipts	<u>2,037,000</u>	<u>2,037,000</u>	<u>2,452,713</u>	<u>415,713</u>
DISBURSEMENTS				
General Government	100,000	50,000		50,000
Protection to Persons and Property	113,000	119,500	105,861	13,639
General Health and Sanitation	250,000	297,000	178,562	118,438
Recreation and Culture	1,107,800	720,800	717,584	3,216
Capital Projects	100,000			
Administration	215,800	199,300	167,860	31,440
Total Disbursements	<u>1,886,600</u>	<u>1,386,600</u>	<u>1,169,867</u>	<u>216,733</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>150,400</u>	<u>650,400</u>	<u>1,282,846</u>	<u>632,446</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(650,000)</u>	<u>(650,000)</u>	<u>(226,250)</u>	<u>423,750</u>
Total Other Adjustments to Cash (Uses)	<u>(650,000)</u>	<u>(650,000)</u>	<u>(226,250)</u>	<u>423,750</u>
Net Change in Fund Balance	(499,600)	400	1,056,596	1,056,196
Fund Balance Beginning	<u>499,600</u>	<u>499,600</u>	<u>97,528</u>	<u>(402,072)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 500,000</u>	<u>\$ 1,154,124</u>	<u>\$ 654,124</u>

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

	STATE GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 11,700	\$ 11,700	\$ 10,000	\$ (1,700)
Miscellaneous			1,250	1,250
Interest	200	200	574	374
Total Receipts	<u>11,900</u>	<u>11,900</u>	<u>11,824</u>	<u>(76)</u>
DISBURSEMENTS				
Protection to Persons and Property	24,700	24,700	31,987	(7,287)
Social Services	300	300	26,250	(25,950)
Total Disbursements	<u>25,000</u>	<u>25,000</u>	<u>58,237</u>	<u>(33,237)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(13,100)</u>	<u>(13,100)</u>	<u>(46,413)</u>	<u>(33,313)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			26,250	26,250
Total Other Adjustments to Cash (Uses)			<u>26,250</u>	<u>26,250</u>
Net Change in Fund Balance	(13,100)	(13,100)	(20,163)	(7,063)
Fund Balance Beginning	13,300	13,300	23,534	10,234
Fund Balance - Ending	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 3,371</u>	<u>\$ 3,171</u>

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

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 8,300	\$ 8,300	\$	\$ (8,300)
Total Receipts	<u>8,300</u>	<u>8,300</u>		<u>(8,300)</u>
DISBURSEMENTS				
General Government	10,000	10,000		10,000
Total Disbursements	<u>10,000</u>	<u>10,000</u>		<u>10,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,700)</u>	<u>(1,700)</u>		<u>1,700</u>
Net Change in Fund Balance	(1,700)	(1,700)		1,700
Fund Balance Beginning	<u>1,700</u>	<u>1,700</u>	91	<u>(1,609)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 91</u>	<u>\$ 91</u>

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

	FEDERAL DISASTER FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,500,000	\$ 2,500,000	\$ 302,158	\$ (2,197,842)
Interest			1,049	1,049
Total Receipts	<u>2,500,000</u>	<u>2,500,000</u>	<u>303,207</u>	<u>(2,196,793)</u>
DISBURSEMENTS				
General Health and Sanitation	2,760,000	4,160,000	3,157,798	1,002,202
Administration	101,400	201,400		201,400
Total Disbursements	<u>2,861,400</u>	<u>4,361,400</u>	<u>3,157,798</u>	<u>1,203,602</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(361,400)</u>	<u>(1,861,400)</u>	<u>(2,854,591)</u>	<u>(993,191)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			3,805,000	3,805,000
Transfers To Other Funds			(200,000)	(200,000)
Total Other Adjustments to Cash (Uses)			<u>3,605,000</u>	<u>3,605,000</u>
Net Change in Fund Balance	(361,400)	(1,861,400)	750,409	2,611,809
Fund Balance Beginning	361,400	361,400	662,826	301,426
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (1,500,000)</u>	<u>\$ 1,413,235</u>	<u>\$ 2,913,235</u>

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

ALCOHOLIC BEVERAGE CONTROL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$	\$	\$ 6,647	\$ 6,647
Interest			3	3
Total Receipts			6,650	6,650
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			6,650	6,650
Net Change in Fund Balance			6,650	6,650
Fund Balance Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 6,650	\$ 6,650

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

	REVOLVING LOAN FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 574	\$ 574
Total Receipts			574	574
DISBURSEMENTS				
Capital Projects	17,000	17,000		17,000
Total Disbursements	17,000	17,000		17,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(17,000)	(17,000)	574	17,574
Net Change in Fund Balance	(17,000)	(17,000)	574	17,574
Fund Balance Beginning	16,800	16,800	16,143	(657)
Fund Balance - Ending	\$ (200)	\$ (200)	\$ 16,717	\$ 16,917

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

	E-911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 150,000	\$ 150,000	\$ 110,647	\$ (39,353)
Charge for Services	25,000	25,000		(25,000)
Miscellaneous	124,000	124,000	148,349	24,349
Interest	1,000	1,000	2,335	1,335
Total Receipts	<u>300,000</u>	<u>300,000</u>	<u>261,331</u>	<u>(38,669)</u>
DISBURSEMENTS				
Protection to Persons and Property	408,600	415,600	235,939	179,661
Administration	91,400	84,400	20,746	63,654
Total Disbursements	<u>500,000</u>	<u>500,000</u>	<u>256,685</u>	<u>243,315</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>4,646</u>	<u>204,646</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			34,178	34,178
Total Other Adjustments to Cash (Uses)			<u>34,178</u>	<u>34,178</u>
Net Change in Fund Balance	(200,000)	(200,000)	38,824	238,824
Fund Balance Beginning	<u>200,000</u>	<u>200,000</u>	<u>48,388</u>	<u>(151,612)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 87,212</u>	<u>\$ 87,212</u>

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

	WATER AND SEWER FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 100,000	\$ 100,000	\$	\$ (100,000)
Total Receipts	<u>100,000</u>	<u>100,000</u>		<u>(100,000)</u>
DISBURSEMENTS				
General Health and Sanitation	99,000	99,000		99,000
Administration	1,000	1,000		1,000
Total Disbursements	<u>100,000</u>	<u>100,000</u>		<u>100,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			330,000	330,000
Total Other Adjustments to Cash (Uses)			<u>330,000</u>	<u>330,000</u>
Net Change in Fund Balance			330,000	330,000
Fund Balance Beginning			<u>5</u>	<u>5</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 330,005</u>	<u>\$ 330,005</u>

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

	CONSTRUCTION FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 5,000	\$ 5,000	\$ 65,665	\$ 60,665
Total Receipts	<u>5,000</u>	<u>5,000</u>	<u>65,665</u>	<u>60,665</u>
DISBURSEMENTS				
General Health and Sanitation	1,539,000	1,539,000		1,539,000
Administration	1,000	1,000		1,000
Total Disbursements	<u>1,540,000</u>	<u>1,540,000</u>		<u>1,540,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,535,000)</u>	<u>(1,535,000)</u>	65,665	1,600,665
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,000,000	1,000,000
Transfers To Other Funds			(1,000,000)	(1,000,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(1,535,000)	(1,535,000)	65,665	1,600,665
Fund Balance Beginning	<u>1,535,000</u>	<u>1,535,000</u>	<u>2,005,917</u>	<u>470,917</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,071,582</u>	<u>\$ 2,071,582</u>

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

	OPIOID FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 875,000	\$ 29	\$ (874,971)
Interest			4,967	4,967
Total Receipts		875,000	4,996	(870,004)
DISBURSEMENTS				
Social Services		601,000		601,000
Capital Projects		250,000		250,000
Administration		24,000		24,000
Total Disbursements		875,000		875,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			4,996	4,996
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			876,861	876,861
Total Other Adjustments to Cash (Uses)			876,861	876,861
Net Change in Fund Balance			881,857	881,857
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 881,857	\$ 881,857

FLOYD 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				
Intergovernmental	\$ 3,500,000	\$ 3,500,000	\$ 3,456,373	\$ (43,627)
Interest			46,032	46,032
Total Receipts	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,502,405</u>	<u>2,405</u>
DISBURSEMENTS				
General Government	3,360,999	1,860,999	399,394	1,461,605
Administration	639,001	639,001		639,001
Total Disbursements	<u>4,000,000</u>	<u>2,500,000</u>	<u>399,394</u>	<u>2,100,606</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(500,000)</u>	<u>1,000,000</u>	<u>3,103,011</u>	<u>2,103,011</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(2,907,178)	(2,907,178)
Total Other Adjustments to Cash (Uses)			<u>(2,907,178)</u>	<u>(2,907,178)</u>
Net Change in Fund Balance	(500,000)	1,000,000	195,833	(804,167)
Fund Balance Beginning	<u>500,000</u>	<u>500,000</u>	<u>571,099</u>	<u>71,099</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,500,000</u>	<u>\$ 766,932</u>	<u>\$ (733,068)</u>

**FLOYD 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 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. Excess of Disbursements Over Appropriations

The General Fund, recreation and culture line-item exceeded budgeted appropriations by \$16,440.

The State Grants Fund, protection to persons and property line-item and social services line-item exceeded budgeted appropriations by \$7,287 and \$25,950, respectively.

THIS PAGE LEFT BLANK INTENTIONALLY

**FLOYD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

**FLOYD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U.S. Department of Justice</u>				
<i>Direct Program:</i>				
Grants To Encourage Arrest Policies And Enforcement Of Protection Orders Program	16.590	Direct	\$	\$ 138,043
<i>Direct Program:</i>				
Comprehensive Opioid, Stimulant, And Other Substances Use Program	16.838	Direct	190,826	190,826
Total U.S. Department of Justice			190,826	328,869
<u>U.S. Department of Treasury</u>				
<i>Direct Program:</i>				
COVID-19 - Coronavirus State And Local Fiscal Recovery Funds	21.027	Direct		3,456,373
<i>Direct Program:</i>				
Local Assistance and Tribal Consistency Fund	21.032	Direct		50,000
Total U.S. Department of Treasury				3,506,373
<u>U.S. Department of Homeland Security</u>				
<i>Passed through Kentucky Department of Military Affairs:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4428-DR-KY		3,038
		FEMA-4595-DR-KY		696,796
		FEMA-4643-DR-KY		94,490
		FEMA-4663-DR-KY		1,495,603
		FEMA-4711-DR-KY		74,012
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)				2,363,939
<i>Passed through Kentucky Office of Homeland Security:</i>				
Flood Mitigation Assistance	97.029	FEMA DR-4358/200000785		2,485
<i>Passed through Kentucky Office of Homeland Security:</i>				
Hazard Mitigation Grant	97.039	2100000208		9,700
<i>Passed through Kentucky Department of Military Affairs:</i>				
Emergency Management Performance Grants	97.042	EMA-2020-EP-00014		1,193
		EMA-2021-EP-00012		22,448
Total Emergency Management Performance Grants				23,641
Total U.S. Department of Homeland Security				2,399,765
Total Expenditures of Federal Awards			\$ 190,826	\$ 6,235,007

The accompanying notes are an integral part of this schedule.

FLOYD COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Floyd County, Kentucky under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Floyd County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Floyd County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Floyd County has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

For The Year Ended June 30, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

FLOYD COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Buildings	\$ 3,501,249	\$	\$	\$ 3,501,249
Buildings	14,233,000			14,233,000
Equipment	3,877,568			3,877,568
Vehicles	772,964			772,964
Infrastructure	8,430,040			8,430,040
 Total Capital Assets	 <u>\$ 30,814,821</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$30,814,821</u>

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

June 30, 2023

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 5,000	10-60
Buildings	\$ 5,000	10-75
Building Improvements	\$ 5,000	10-60
Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	5
Infrastructure	\$ 5,000	10-50

Note 2. Capital Assets Schedule

There was no activity reported by the county during the year or an accurate listing maintained. The prior year schedule was carried forward.

**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***

THIS PAGE LEFT BLANK INTENTIONALLY



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

The Honorable Robbie Williams, Floyd County Judge/Executive
Members of the Floyd 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 Floyd County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Floyd County Fiscal Court's financial statement and have issued our report thereon dated April 8, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Floyd County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Floyd County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Floyd 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 Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-004 to be material weaknesses.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002, 2023-003, and 2023-005 to be significant deficiencies.

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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Floyd 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002 and 2023-003.

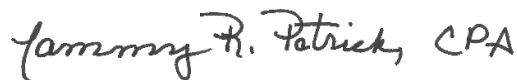
Views of Responsible Officials and Planned Corrective Action

Floyd County's views and planned corrective action for the finding identified in our audit is included in the accompanying Schedule of Findings and Questioned Costs. The county's response is not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

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,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

April 8, 2024

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

THIS PAGE LEFT BLANK INTENTIONALLY



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

The Honorable Robbie Williams, Floyd County Judge/Executive
Members of the Floyd County Fiscal Court

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

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Floyd County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Floyd County Fiscal Court's major federal programs for the year ended June 30, 2023. The Floyd County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Floyd County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Floyd County Fiscal Court and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Floyd County Fiscal Court's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Floyd County Fiscal Court's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Floyd County Fiscal Court's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Floyd County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Floyd County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Floyd County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

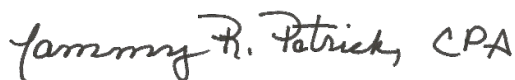
Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

April 8, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

**FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

**FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2023

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State And Local Fiscal Recovery Funds
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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

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

Section II: Financial Statement Findings

2023-001 The Floyd County Jailer Does Not Have Segregation Of Duties Over Receipts, Disbursements, And Bank Reconciliation Processes Of The Jail Commissary

This is a repeat finding and was included in the prior year audit report as finding 2022-001. A lack of segregation of duties existed over jail commissary receipts, disbursements, and bank reconciliations. The jail commissary bookkeeper recorded receipts, prepared deposits, prepared the monthly receipt ledger, recorded entries on inmate accounts, prepared checks for disbursements, prepared the monthly disbursement ledger, and performed the monthly bank reconciliations. Also, it should be noted that only one signature is present on check disbursements.

The official did not have controls in place to ensure that the same person did not perform all jail commissary accounting functions.

When one employee is responsible for the receipt, disbursement, and reconciliation process, the risk of misappropriation of assets, errors, and inaccurate financial reporting increases.

Effective internal controls require that a proper segregation of duties over accounting functions, such as making deposits, preparing disbursements, and reconciling the bank account. Segregation of duties, or the implementation of compensating controls, is essential for providing protection to employees in the normal course of performing their daily responsibilities.

Some controls that the jailer could implement are as follows:

- Triplicate receipts could be compared to the inmate account sheets and attached to deposit slips and reviewed by an independent person.
- Commissary sales amounts could be compared to inmate accounts in the system for agreement. Any differences should be reconciled.
- Any voided receipts should state the reason why and then reviewed, initialed, and dated by an independent person.
- Supporting documentation for disbursements and invoices should be reviewed by the jailer prior to payment.
- The jailer, or his designee, could complete bank reconciliations or review the bookkeeper's reconciliations for accuracy.

We recommend that if these duties cannot be segregated due to limited number of staff or budget restraints, strong oversight should be provided over the employee(s) responsible for these duties. Any compensating controls performed should be documented by the reviewer's initials and date on applicable documentation.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: See Jailer's response.

Jailer's Response: We will be proactive in regard to this finding to resolve this issue going forward. Duties have been segregated since my administration has taken office on December 29, 2022.

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

Section II: Financial Statement Findings (Continued)

2023-002 The Floyd County Jailer Did Not Have Adequate Controls Over Jail Commissary Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2022-002. The Floyd County Detention Center did not have adequate controls over disbursements. The auditor selected 24 disbursements and noted the following:

- 11 invoices had sales taxes paid totaling \$1,695.
- Numerous checks were signed by only one jail employee instead of two.

This deficiency was caused by a lack of adequate internal controls and a lack of oversight by management of disbursements procedures.

Failure to properly maintain original invoices as required by the Department for Local Government, could lead to fraudulent invoices being paid. The lack of internal controls increases the risk of material misstatement due to fraud or error. Having one signature on checks, especially a person that conducts all other accounting functions increases the risk of fraud or theft. Misappropriation of public funds results when paying sales tax on purchases that are otherwise exempt.

The jail commissary is a governmental entity that is exempt from paying sales taxes. KRS 441.135 requires the jailer to maintain records of receipts and disbursements of the jail commissary fund. Failing to require two signatures on disbursements increases the risk of fraud or misappropriation of assets.

We recommend the jailer review all purchases and ensure that sales taxes are not being paid prior to disbursement. Also, to reduce the risk of fraud or misappropriation of assets, we recommend that all checks require dual signatures.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: See Jailer's response.

Jailer's Response: Since my administration has taken office on December 29, 2022, we have been proactive in resolving this finding and will continue to do so in the future.

2023-003 The Floyd County Jailer Failed To Properly Reconcile And Account For The Inmate Account And Inmate Balances

This is a repeat finding and was included in the prior year audit report as finding 2022-003. Reconciliations for the inmate account were not prepared. This account is used to account for funds deposited by or on behalf of inmates. After funds are deposited, inmates' balances within the account are reduced for jail costs and fees as well as inmate purchases from the jail commissary. At the time of an inmate's release, if the inmate owes no additional amounts, the amount remaining in the inmate's account is refunded.

The jailer failed to properly provide adequate oversight in regard to inmate account reconciliations and inmate balances held. Failure to properly reconcile the inmate account may result in misappropriation of inmate funds.

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

Section II: Financial Statement Findings (Continued)

2023-003 The Floyd County Jailer Failed To Properly Reconcile And Account For The Inmate Account And Inmate Balances (Continued)

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* requires jailers to maintain monthly cash reconciliations. In order to reflect an accurate book balance, this reconciliation should include a complete and accurate listing of all outstanding checks as well as all receivables and liabilities. Oversight is detrimental to providing adequate controls to reduce the risk of misappropriation of funds.

We recommend internal controls over the inmate account reconciliation process be strengthened to ensure that all outstanding checks, deposits-in-transit, receivables, and liabilities are accurately reflected on the monthly bank reconciliations. The jailer or another independent employee should review the monthly bank reconciliations prepared by the bookkeeper to ensure they are accurate. In addition, records showing the amounts that inmates have on hand should be maintained and be available to support the inmate account balance as of June 30.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: See Jailer's response.

Jailer's Response: The jail staff will submit an annual report for the commissary account.

2023-004 The Floyd County Fiscal Court Failed To Properly Segregate All Accounting Duties

This is a repeat finding and was included in the prior year audit report as finding 2022-007. The county failed to segregate accounting and reporting functions. In the absence of a finance officer there is not any documented oversight of all accounting and reporting functions. The treasurer's duties include deposit preparation, posting receipts, preparing and posting disbursements, completing the bank reconciliation, and essentially performing all other accounting duties. When one employee is responsible for the receipt, disbursement, and reconciliation process, the risk of misappropriation of assets, errors, and inaccurate financial reporting increases.

Failure to implement proper segregation of duties by not filling the position of finance officer and not utilizing current staff resulted in the failure to segregate duties. A lack of oversight could result in misappropriation of assets and/or inaccurate financial reporting to external agencies such as the Department for Local Government, which could occur but go undetected.

A segregation of duties over various accounting functions, such as opening mail, collecting receipts, preparing bank deposits, preparing reports and reconciliations, or the implementation of compensating controls, when needed because the number of staff is limited, is essential for providing protection from asset misappropriation and/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the fiscal court segregate duties over receipts, disbursements, and bank reconciliation processes. If segregation of duties is not possible, then the fiscal court should implement compensating controls by monitoring the financial activities of the fiscal court and continue to document this review.

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

Section II: Financial Statement Findings (Continued)

2023-004 The Floyd County Fiscal Court Failed To Properly Segregate All Accounting Duties (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is a repeat finding. We agree that segregation of duties is paramount for strong internal controls. We have limited resources and limited space to work within and this creates a set of unique challenges for all involved. We are actively trying to fill the position of Finance Officer.

2023-005 The Floyd County Fiscal Court Failed To Implement Proper Internal Controls Over Disbursements

The fiscal court did not follow proper procedures and requirements for disbursements of county funds. The following deficiencies were noted from a testing sample of 75 disbursements:

- There was one invoice tested that was paid in excess of 30 days after the invoice date.
- All disbursements with purchase orders present were missing the authorizing signature.
- 11 disbursements did not have purchase orders.
- Debt payments were not properly coded.

The county failed to implement sufficient monitoring over the disbursement process. The deficiencies noted above resulted in noncompliance with established procedures and laws that may result in misappropriation of assets.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* which states, "purchases shall not be made without approval by the judge/executive (or designee), and/or a department head . . . Purchase requests shall not be approved in an amount that exceeds the available line-item appropriation unless the necessary and appropriate transfers have been made." In addition, all disbursements are to be made in the form of check.

KRS 65.140(2) states, in part, "[u]nless the purchaser and vendor otherwise contract, all bills for goods or services shall be paid within (30) working days of receipt of a vendor's invoice..."

We recommend the fiscal court implement policies and procedures to ensure disbursements are in compliance with applicable statutes and regulations. Additionally, we recommend the fiscal court put into place internal controls to monitor that these policies and procedures are operating effectively.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: 1) Community Center - This has been corrected and the account has been closed and monies have been deposited into the General Fund. Previously, the Floyd County Fiscal Court passed a resolution authorizing the Fiscal Court to establish a checking account and to write checks up to \$300 without prior court approval, this was necessary to run the various programs at the Community Center. 2) Clerk Storage Fees - The Clerk Storage Fees is a newly created program established by the State in the last 24 months. The Fiscal Court did not include the Clerk's Storage Fees account on our financial statements because the monies belong to the County Court Clerk and not the Fiscal Court. Going forward we will include the Clerk Storage Fees in the quarterly report. 3) E911/LGEA - The Treasurer used a check from the wrong account and this was corrected in July 2023. Correction was made.

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

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

Finding Number	Prior Year Finding Title	Status	Corrective Action
2022-001	The Floyd County Jailer Lacks Segregation Of Duties Over Receipts, Disbursements, And Bank Reconciliation Processes Of The Jail Commissary	Unresolved	See Corrective Action for current finding 2023-001
2022-002	The Floyd County Jailer Did Not Have Adequate Controls Over Jail Commissary Disbursements	Unresolved	See Corrective Action for current finding 2023-002
2022-003	The Floyd County Jailer Failed To Properly Reconcile And Account For The Inmate Account And Inmate Balances	Unresolved	See Corrective Action for current finding 2023-003
2022-004	The Floyd County Fiscal Court Failed To Prepare The Fourth Quarter Financial Report And Schedule Of Expenditure Of Federal Awards In Accordance With Kentucky Revised Statues (KRS) And Department For Local Government Requirements	Resolved	
2022-005	The Floyd County Fiscal Court Did Not Have Adequate Controls In Place To Accurately Report Amounts For Debt On The Fourth Quarter Financial Report	Resolved	
2022-006	The Floyd County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget	Resolved	
2022-007	The Floyd County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash, Receipts, And Reporting Processes	Unresolved - All Accounting Duties Included	See Corrective Action for current finding 2023-004

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

FLOYD COUNTY FISCAL COURT

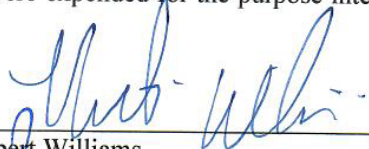
For The Year Ended June 30, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

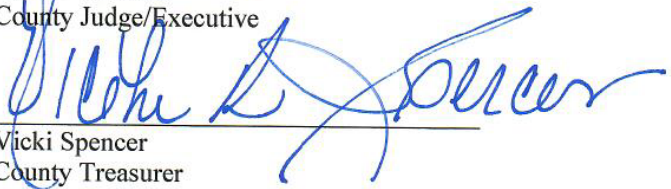
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS
FLOYD COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2023

The Floyd County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance and Development Programs were expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Robert Williams
County Judge/Executive



Vicki Spencer
County Treasurer