

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

**For The Year Ended
June 30, 2022**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Jason Marshall, Harrison County Judge/Executive

The Honorable Alex Barnett, Former Harrison County Judge/Executive

Members of the Harrison County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Harrison County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Harrison 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 Harrison County Fiscal Court, for the year ended June 30, 2022, 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 Harrison County Fiscal Court, for the year ended June 30, 2022, 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 Harrison 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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Harrison 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

Harrison 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 Harrison 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Harrison County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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Holly M. Johnson, Secretary
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Members of the Harrison 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 Harrison County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Other Information

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023, on our consideration of the Harrison 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 Harrison County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

January 19, 2023

HARRISON COUNTY OFFICIALS**For The Year Ended June 30, 2022****Fiscal Court Members:**

Alex Barnet	County Judge/Executive
Stanley F. Lemons	Magistrate
Chris Winkle	Magistrate
Brad Marshall	Magistrate
Scott Herrington	Magistrate
Sam Pierce	Magistrate
Brad Yearsley	Magistrate
Dwayne Florence	Magistrate
Al Stakelin	Magistrate

Other Elected Officials:

Bradley Vaughn	County Attorney
Steve Slade	Jailer
Linda Barnes	County Clerk
Teresa Furnish	Circuit Court Clerk
Shain Stephens	Sheriff
Patrick Darnell	Property Valuation Administrator
Tom Ware	Coroner

Appointed Personnel:

Melody McClure	County Treasurer
Judy Smith	Finance Officer
Jennifer Renaker	Tax Administrator

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

For The Year Ended June 30, 2022

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

For The Year Ended June 30, 2022

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Federal Grants Fund
RECEIPTS				
Taxes	\$ 5,328,749	\$	\$	\$
In Lieu Tax Payments	4,832			
Excess Fees	264,675			
Licenses and Permits	13,129			
Intergovernmental	252,059	1,595,610	121,150	113,605
Charges for Services				
Miscellaneous	168,726	500,556	1,616	
Interest	12,114	153		
Total Receipts	<u>6,044,284</u>	<u>2,096,319</u>	<u>122,766</u>	<u>113,605</u>
DISBURSEMENTS				
General Government	1,532,259			
Protection to Persons and Property	311,701		762,649	114,543
General Health and Sanitation	471,428			
Social Services	100,375			
Recreation and Culture	19,316			
Roads		2,607,387		
Airports	10,000			
Bus Services	2,470			
Other Transportation Facilities and Services	3,000			
Debt Service	87,289	294,696		
Capital Projects	43,200	109,420		
Administration	999,223	352,333	41,596	
Total Disbursements	<u>3,580,261</u>	<u>3,363,836</u>	<u>804,245</u>	<u>114,543</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,464,023</u>	<u>(1,267,517)</u>	<u>(681,479)</u>	<u>(938)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	49,872	1,413,000	683,000	49,872
Transfers To Other Funds	(2,320,857)			(49,872)
Total Other Adjustments to Cash (Uses)	<u>(2,270,985)</u>	<u>1,413,000</u>	<u>683,000</u>	
Net Change in Fund Balance	193,038	145,483	1,521	(938)
Fund Balance - Beginning	<u>3,338,907</u>	<u>34,500</u>	<u>25,282</u>	<u>23,754</u>
Fund Balance - Ending	<u>\$ 3,531,945</u>	<u>\$ 179,983</u>	<u>\$ 26,803</u>	<u>\$ 22,816</u>
Composition of Fund Balance				
Bank Balance	\$ 3,101,401	\$ 257,658	\$ 62,340	\$ 22,816
Less: Outstanding Checks	(69,456)	(77,675)	(35,537)	
Certificates of Deposit	500,000			
Fund Balance - Ending	<u>\$ 3,531,945</u>	<u>\$ 179,983</u>	<u>\$ 26,803</u>	<u>\$ 22,816</u>

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

HARRISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2022
(Continued)

Budgeted Funds				Unbudgeted Fund	
Parks and Recreation Fund	E911 Fund	Shropshire Fund	ARPA Fund	Public Properties Corporation Fund	Total Funds
\$	\$ 385,294	\$	\$	\$	\$ 5,714,043
					4,832
					264,675
		1,433			14,562
	336,215		1,834,192	468,000	4,720,831
63,759		11,096			74,855
182,604	20,100	7,579			881,181
34	201	1,876	971		15,349
246,397	741,810	21,984	1,835,163	468,000	11,690,328
			3,668		1,535,927
	737,498				1,926,391
		46,308			517,736
					100,375
339,156					358,472
					2,607,387
					10,000
					2,470
					3,000
				479,495	861,480
					152,620
72,902			100		1,466,154
412,058	737,498	46,308	3,768	479,495	9,542,012
(165,661)	4,312	(24,324)	1,831,395	(11,495)	2,148,316
134,884	20,101	20,000			2,370,729
					(2,370,729)
134,884	20,101	20,000			
(30,777)	24,413	(4,324)	1,831,395	(11,495)	2,148,316
54,719	266,896	387,265	1,834,398	11,495	5,977,216
\$ 23,942	\$ 291,309	\$ 382,941	\$ 3,665,793	\$ 0	\$ 8,125,532
\$ 40,575	\$ 452,168	\$ 154,860	\$ 3,665,793	\$	\$ 7,757,611
(16,633)	(160,859)	(1,919)			(362,079)
		230,000			730,000
\$ 23,942	\$ 291,309	\$ 382,941	\$ 3,665,793	\$ 0	\$ 8,125,532

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

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TO THE FINANCIAL STATEMENT**

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**HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Federal Grants Fund - The primary purpose of this fund is to account for federal grants received and expended. The primary source of receipts for this fund is federal payments.

Parks and Recreation Fund - The primary purpose of this fund is to account for the receipts and disbursements of the parks and recreation program operated by the county and the City of Cynthiana. The primary sources of receipts for this fund are various fees and contributions from the city.

E911 Fund - The primary purpose of this fund is to account for emergency 911 receipts and disbursements. The primary sources of receipts for this fund are various fees and surcharges and contributions from the city.

Shropshire Fund - The primary purpose of this fund is to account for the receipts and disbursements of the animal shelter. The primary sources of receipts for this fund are various animal shelter fees.

ARPA Fund - The primary purpose of this fund is to account for grant funds received and disbursed under the American Rescue Plan Act (ARPA).

Unbudgeted Fund

The fiscal court reports the following unbudgeted fund:

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.

D. Budgetary Information

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

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 requires a fund to be budgeted if there are planned expenditures or transfers necessary for fiscal court operations or projects.

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.

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Harrison County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the following are considered joint ventures of the Harrison County Fiscal Court:

Cynthiana/Harrison County Public Properties Corporation
 Cynthiana/Harrison County Industrial Authority
 Cynthiana/Berry/Harrison County E-911
 Cynthiana/Harrison County Department of Parks and Recreation

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 2. Deposits and Investments

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, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2022.

	General Fund	Federal Grants Fund	Total Transfers In
General Fund	\$	\$ 49,872	\$ 49,872
Road Fund	1,413,000		1,413,000
Jail Fund	683,000		683,000
Federal Grants Fund	49,872		49,872
Parks and Recreation Fund	134,884		134,884
E911 Fund	20,101		20,101
Shropshire Fund	20,000		20,000
Total Transfers Out	<u>\$ 2,320,857</u>	<u>\$ 49,872</u>	<u>\$ 2,370,729</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. Leases

A. Lessor

1. County Farm

In March 2020, the Harrison County Fiscal Court began leasing property known as the "County Farm" to David and Jeff Barnes. This was a one-year lease paying \$7,775 semi-annually with two additional years to extend. The Harrison County Fiscal Court will recognize \$7,775 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Harrison County Fiscal Court's receivable for lease payments was \$15,475.

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 4. Leases (Continued)

A. Lessor (Continued)

2. Flat Run Veterans Park

In February 2020, the Harrison County Fiscal Court began leasing a 13-acre portion of farmland located in the Flat Run Veterans Park to Jeff Barnes. This is a one-year lease paying \$1,768 semi-annually with one additional year to extend. The Harrison County Fiscal Court will recognize \$1,768 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Harrison County Fiscal Court's receivable for lease payments was \$1,768.

B. Lessee

1. Postage Meter

In October 2017, the Harrison County Fiscal Court entered into a five-year lease agreement for the rental of a postage meter. An initial lease liability was recorded in the amount of \$7,754. As of June 30, 2022, the value of the lease liability was \$1,454. The Harrison County Fiscal Court is required to make quarterly rental payments of \$291.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Fiscal Year Ended June 30, 2022	Principal	Interest	Total
2023	\$ 1,454	\$	\$ 1,454
	<u>\$ 1,454</u>	<u>\$ 0</u>	<u>\$ 1,454</u>

2. Copier – Co. Judge

In December 2017, the Harrison County Fiscal Court entered into a five-year lease agreement for the rental of a copier. An initial lease liability was recorded in the amount of \$15,161. As of June 30, 2022, the value of the lease liability was \$1,123. The Harrison County Fiscal Court is required to make monthly rental payments of \$255.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Fiscal Year Ended June 30, 2022	Principal	Interest	Total
2023	\$ 1,123	\$	\$ 1,123
	<u>\$ 1,123</u>	<u>\$ 0</u>	<u>\$ 1,123</u>

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 4. Leases (Continued)

B. Lessee (Continued)

3. Copier – E911

In April 2021, the Harrison County Fiscal Court entered into a five-year lease agreement for the rental of a copier. An initial lease liability was recorded in the amount of \$10,863. As of June 30, 2022, the value of the lease liability was \$8,690. The Harrison County Fiscal Court is required to make monthly rental payments of \$181.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Fiscal Year Ended June 30, 2022	Principal	Interest	Total
2023	\$ 2,173	\$	\$ 2,173
2024	2,173		2,173
2025	2,172		2,172
2026	2,172		2,172
	<u>\$ 8,690</u>	<u>\$ 0</u>	<u>\$ 8,690</u>

4. Copier – Coroner

In February 2019, the Harrison County Fiscal Court entered into a five-year lease agreement for the rental of a copier. An initial lease liability was recorded in the amount of \$11,901. As of June 30, 2022, the value of the lease liability was \$7,736. The Harrison County Fiscal Court is required to make monthly rental payments of \$198.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Fiscal Year Ended June 30, 2022	Principal	Interest	Total
2023	\$ 2,579	\$	\$ 2,579
2024	2,579		2,579
2025	2,578		2,578
	<u>\$ 7,736</u>	<u>\$ 0</u>	<u>\$ 7,736</u>

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation – 2013 Courthouse Renovation

On May 1, 2014, Harrison County obtained a loan for \$769,000 for courthouse renovations. The debt issue covers nine-and-a-half-years with a yearly principal payment due each December 1, beginning December 1, 2014. Interest is 2.4% and is payable semi-annually each December 1 and June 1, beginning December 1, 2014. In the event of default, the lessor may terminate the lease and take immediate possession of the project. The total principal balance outstanding was \$170,000 as of June 30, 2022.

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 84,000	\$ 3,235
2024	86,000	1,089
Totals	<u>\$ 170,000</u>	<u>\$ 4,324</u>

2. Financing Obligation – Dump Trucks

On April 28, 2020, the Harrison County Fiscal Court entered into a lease agreement with Magnolia Bank, Inc. The lease is a two-year, annually renewable lease in the amount of \$292,844 for the purchase of two dump trucks. The interest rate on the lease was 2.13 and was payable by the 20th of each month beginning June 20, 2020 and ending on October 20, 2021. The principal portion is due as a lump sum payment payable by October 20, 2021. In the event of default, the lessor may terminate the lease and take immediate possession of the dump trucks. The dump trucks were paid off as of June 30, 2022.

B. Other Debt

1. First Mortgage Revenue Refunding Bonds, Series 2010

On July 1, 2010, the Harrison County Public Properties Corporation issued \$4,520,000 in first mortgage revenue refunding bonds, series 2010, for the purpose of retiring the debt incurred for the construction of a justice center. The refunding bond issue covers a twelve-year period with an annual principal payment due each March 1, beginning March 1, 2011. Interest ranges between 2.0 and 4.0% and is payable semi-annually each September 1 and March 1, beginning September 1, 2010. The county subsequently entered into a sub-lease agreement with the Administrative Office of the Courts in order to provide funding to meet annual debt service requirements. In the event of default, suit may be brought against the corporation for remedy or declare all bonds due and payable. The bond was paid off as of June 30, 2022.

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 5. Long-term Debt (Continued)

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 544,844	\$	\$ 374,844	\$ 170,000	\$ 84,000
Other Debt	450,000		450,000		
Total Long-term Debt	<u>\$ 994,844</u>	<u>\$ 0</u>	<u>\$ 824,844</u>	<u>\$ 170,000</u>	<u>\$ 84,000</u>

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2022, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2023	\$ 84,000	\$ 3,235
2024	86,000	1,089
Totals	<u>\$ 170,000</u>	<u>\$ 4,324</u>

Note 6. Commitment Debt

A. Cynthiana/Harrison County Public Properties Corporation

In June 1995, the Harrison County Fiscal Court (county) and the City of Cynthiana (city) formed the Cynthiana/Harrison County Public Properties Corporation (corporation) for the acquisition and financing of the Cynthiana/Harrison County Community Service Building project. Upon formation of the Corporation, individual and corporate donations were received, and the city received a \$350,000 CDBG grant to construct the community service building. The donations and grant were expected to be approximately \$500,000 short of the anticipated construction costs. The corporation executed a loan agreement with Farmers National Bank to draw up to \$499,000 in order to complete the project. In March 2013, the corporation refinanced the project in the amount of \$350,000. The rent collected from several community service organizations is used to service the debt. The corporation is managed by the city, and there has been no audit performed for the corporation in numerous years. Should the corporation default on the loan, the county could be responsible for one-half of the outstanding liabilities. As of June 30, 2022, the outstanding principal balance was \$157,853.

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Commitment Debt (Continued)

B. Cynthiana/Harrison County Industrial Authority

In January 1999, the Harrison County Fiscal Court (county) adopted a resolution, which obligates the county (in conjunction with the City of Cynthiana's matching offer) to cover 50 percent of any expenses "not covered from net sales proceeds of land by the Cynthiana/Harrison County Industrial Authority" (authority). This obligation was made in support of the authority's project to develop an industrial park in Harrison County. In this resolution, the county also committed \$250,000 in order for the authority to receive an additional \$1,500,000 federal grant. The county's commitment represents one-half of the matching funds needed (in conjunction with the city's matching offer) for the authority to receive the additional funding. During the fiscal year ended June 30, 2022, the county paid the authority \$36,000 for their share of the operating expenses of the authority.

C. Cynthiana/Berry/Harrison County E-911

In April 1999, Harrison County Fiscal Court (county) passed an ordinance for "the establishment of an Enhanced 911 Emergency Telephone Service within Cynthiana and Harrison County, Kentucky." An E-911 Advisory Board (board) was created with the City of Cynthiana (city) and the county equally represented on the board. The city and county subsequently entered into an interlocal agreement which states, in part, "The cost of the E-911 program shall be funded from the receipts from a telephone service surcharge, *(Effective July 1, 2019; telephone lines has been replaced with water meters as the basis for collecting the surcharge)*, which has been levied by the county to be collected by the appropriate telephone operating company on each eligible business and residential telephone line operating within Harrison County. The county may fix or change the rate of the telephone surcharge to be applied, but it shall be sufficient to meet the budgetary requirements for the operation of the E-911 program. If at any time moneys collected from the telephone surcharge are insufficient to meet the needs and obligations of the board for the operation of the E-911 program, the remaining costs shall be apportioned evenly (50/50) between the city and the county and immediately forwarded to the Harrison County Treasurer for use by the board in the operation of the center." During the fiscal year ended June 30, 2022, the county contributed \$20,100 toward the operating expenses of the E-911 program and the city contributed \$20,100.

D. Cynthiana/Harrison County Department of Parks and Recreation

In November 2012, the Harrison County Fiscal Court (county) passed an ordinance "relating to the adoption of an inter-local agreement between the city of Cynthiana and Harrison County, Kentucky for the operation of a recreation program in Harrison County, Kentucky." A Board of the Cynthiana-Harrison County Department of Parks and Recreation (board) was established with the City of Cynthiana (city) and the county equally represented on the board. The city and the county shall share equally in the funding of operational costs of the program unless otherwise agreed by the parties. Each quarter the city and county shall pay into the program an amount equal to one-fourth of their annual budget allotment for parks and recreation. The parties to this agreement shall not be required to make additional contributions other than those set out in each party's annual budget. During the fiscal year ended June 30, 2022, the county contributed \$126,755 toward the operation of the parks and recreation program and the city contributed \$126,755.

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Commitment Debt (Continued)

E. Ambulance Services

The Harrison County Fiscal Court (county) has an agreement with Brown Ambulance Service, Inc., to provide ambulance services for Harrison County. As a term of that agreement, the county agrees to be co-titled on ambulances in order to provide licensing and insurance for the assets. On December 26, 2017, Brown Ambulance Service, Inc., entered into a loan agreement with Farmer's Deposit Bank to purchase two new ambulances and refinance their existing two ambulances. Since the county is co-titled on the assets being borrowed against, the county signed an agreement providing the ambulances be used as collateral for the Brown Ambulance Service, Inc., loan in the amount of \$136,085.

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 (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2020 was \$481,194, FY 2021 was \$468,434, and FY 2022 was \$536,249.

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 26.95 percent.

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 7. Employee Retirement System (Continued)

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the Ky. Ret. Sys. insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the 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 hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 44.33 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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%

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(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 ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

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

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

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

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

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

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

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

D. Cost of Living Adjustments - Tier 1

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

E. 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.

F. 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.

Annual Financial Report and Proportionate Share Audit Report

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

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

Note 8. Deferred Compensation

The Harrison 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.

HARRISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 8. Deferred Compensation (Continued)

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. Flexible Spending Account

Effective July 2018, Harrison County Fiscal Court elected to establish a flexible benefits plan to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The flexible benefits plan allows employees to have pre-tax funds withheld that can be used for eligible medical expenses incurred by the employees, other than insurance premiums. Participation is optional and employees choose how much to contribute. The county does not provide any funding for the plan.

Note 10. Insurance

For the fiscal year ended June 30, 2022, the Harrison County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Related Party Transactions

The Harrison County Fiscal Court did business with companies owned by magistrates. The amount spent during fiscal year ended June 30, 2022, was \$6,915.

Note 12. Conduit Debt

The county, in accordance with KRS 103.210, has issued a healthcare improvement revenue bond to provide financial assistance, up to \$4,500,000, for the acquisition and installation of an information technology system to be owned and operated by the Harrison County Memorial Hospital, Inc. The bond is deemed to be in the public interest. Conduit debt obligations bear the Harrison County Fiscal Court's name as issuer. However, 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. The bonds, accordingly, are not reported as liabilities in the accompanying financial statement. As of June 30, 2022, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

HARRISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

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HARRISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,803,000	\$ 4,803,000	\$ 5,328,749	\$ 525,749
In Lieu Tax Payments	5,000	5,000	4,832	(168)
Excess Fees	28,300	28,300	264,675	236,375
Licenses and Permits	12,500	12,500	13,129	629
Intergovernmental	574,700	574,700	252,059	(322,641)
Miscellaneous	151,500	151,500	168,726	17,226
Interest	11,300	11,300	12,114	814
Total Receipts	5,586,300	5,586,300	6,044,284	457,984
DISBURSEMENTS				
General Government	1,808,566	1,884,713	1,532,259	352,454
Protection to Persons and Property	324,035	329,035	311,701	17,334
General Health and Sanitation	521,395	558,255	471,428	86,827
Social Services	117,021	117,616	100,375	17,241
Recreation and Culture	67,580	67,580	19,316	48,264
Airports	10,000	10,000	10,000	
Bus Services	17,000	17,000	2,470	14,530
Other Transportation Facilities and Services	3,000	3,000	3,000	
Debt Service	87,400	87,400	87,289	111
Capital Projects	200,000	180,000	43,200	136,800
Administration	1,564,774	2,264,148	999,223	1,264,925
Total Disbursements	4,720,771	5,518,747	3,580,261	1,938,486
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	865,529	67,553	2,464,023	2,396,470
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			49,872	49,872
Transfers To Other Funds	(2,432,459)	(2,432,459)	(2,320,857)	111,602
Total Other Adjustments to Cash (Uses)	(2,432,459)	(2,432,459)	(2,270,985)	161,474
Net Change in Fund Balance	(1,566,930)	(2,364,906)	193,038	2,557,944
Fund Balance - Beginning	1,566,930	2,834,906	3,338,907	504,001
Fund Balance - Ending	\$ 0	\$ 470,000	\$ 3,531,945	\$ 3,061,945

HARRISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,278,077	\$ 1,278,077	\$ 1,595,610	\$ 317,533
Miscellaneous	335,000	335,000	500,556	165,556
Interest	200	200	153	(47)
Total Receipts	<u>1,613,277</u>	<u>1,613,277</u>	<u>2,096,319</u>	<u>483,042</u>
DISBURSEMENTS				
Roads	2,196,942	2,624,260	2,607,387	16,873
Debt Service	295,314	294,696	294,696	
Capital Projects	100,000	110,000	109,420	580
Administration	392,400	447,199	352,333	94,866
Total Disbursements	<u>2,984,656</u>	<u>3,476,155</u>	<u>3,363,836</u>	<u>112,319</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,371,379)</u>	<u>(1,862,878)</u>	<u>(1,267,517)</u>	<u>595,361</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,358,379</u>	<u>1,358,379</u>	<u>1,413,000</u>	<u>54,621</u>
Total Other Adjustments to Cash (Uses)	<u>1,358,379</u>	<u>1,358,379</u>	<u>1,413,000</u>	<u>54,621</u>
Net Change in Fund Balance	(13,000)	(504,499)	145,483	649,982
Fund Balance - Beginning	<u>13,000</u>	<u>34,499</u>	<u>34,500</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (470,000)</u>	<u>\$ 179,983</u>	<u>\$ 649,983</u>

HARRISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 107,100	\$ 107,100	\$ 121,150	\$ 14,050
Miscellaneous	1,000	1,000	1,616	616
Total Receipts	108,100	108,100	122,766	14,666
DISBURSEMENTS				
Protection to Persons and Property	923,985	923,485	762,649	160,836
Administration	42,350	42,850	41,596	1,254
Total Disbursements	966,335	966,335	804,245	162,090
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(858,235)	(858,235)	(681,479)	176,756
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	837,235	837,235	683,000	(154,235)
Total Other Adjustments to Cash (Uses)	837,235	837,235	683,000	(154,235)
Net Change in Fund Balance	(21,000)	(21,000)	1,521	22,521
Fund Balance - Beginning	21,000	21,000	25,282	4,282
Fund Balance - Ending	\$ 0	\$ 0	\$ 26,803	\$ 26,803

HARRISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

FEDERAL GRANTS FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 70,000	\$ 321,264	\$ 113,605	\$ (207,659)
Miscellaneous	500	500		(500)
Total Receipts	70,500	321,764	113,605	(208,159)
DISBURSEMENTS				
Protection to Persons and Property	79,505	149,480	114,543	34,937
Social Services		194,000		194,000
Administration	13,711	1,000		1,000
Total Disbursements	93,216	344,480	114,543	229,937
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(22,716)	(22,716)	(938)	21,778
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			49,872	49,872
Transfers To Other Funds			(49,872)	(49,872)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(22,716)	(22,716)	(938)	21,778
Fund Balance - Beginning	22,716	22,716	23,754	1,038
Fund Balance - Ending	\$ 0	\$ 0	\$ 22,816	\$ 22,816

HARRISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

PARKS AND RECREATION FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 55,000	\$ 55,000	\$ 63,759	\$ 8,759
Miscellaneous	262,290	262,290	182,604	(79,686)
Interest	40	40	34	(6)
Total Receipts	317,330	317,330	246,397	(70,933)
DISBURSEMENTS				
Recreation and Culture	463,240	462,439	339,156	123,283
Administration	75,780	76,581	72,902	3,679
Total Disbursements	539,020	539,020	412,058	126,962
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(221,690)	(221,690)	(165,661)	56,029
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	187,990	187,990	134,884	(53,106)
Total Other Adjustments to Cash (Uses)	187,990	187,990	134,884	(53,106)
Net Change in Fund Balance	(33,700)	(33,700)	(30,777)	2,923
Fund Balance - Beginning	33,700	33,700	54,719	21,019
Fund Balance - Ending	\$ 0	\$ 0	\$ 23,942	\$ 23,942

HARRISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	E911 FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 365,000	\$ 365,000	\$ 385,294	\$ 20,294
Intergovernmental	323,000	323,000	336,215	13,215
Miscellaneous	20,600	20,600	20,100	(500)
Interest	300	300	201	(99)
Total Receipts	708,900	708,900	741,810	32,910
DISBURSEMENTS				
Protection to Persons and Property	934,000	934,000	737,498	196,502
Administration	5,000	5,000		5,000
Total Disbursements	939,000	939,000	737,498	201,502
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(230,100)	(230,100)	4,312	234,412
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	20,100	20,100	20,101	1
Total Other Adjustments to Cash (Uses)	20,100	20,100	20,101	1
Net Change in Fund Balance	(210,000)	(210,000)	24,413	234,413
Fund Balance - Beginning	210,000	210,000	266,896	56,896
Fund Balance - Ending	\$ 0	\$ 0	\$ 291,309	\$ 291,309

HARRISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

SHROPSHIRE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 1,000	\$ 1,000	\$ 1,433	\$ 433
Intergovernmental	1,000	1,000		(1,000)
Charges for Services	15,000	15,000	11,096	(3,904)
Miscellaneous	6,050	6,050	7,579	1,529
Interest	2,515	2,515	1,876	(639)
Total Receipts	25,565	25,565	21,984	(3,581)
DISBURSEMENTS				
General Health and Sanitation	56,320	57,095	46,308	10,787
Administration	1,000	225		225
Total Disbursements	57,320	57,320	46,308	11,012
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
	(31,755)	(31,755)	(24,324)	7,431
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	28,755	28,755	20,000	(8,755)
Total Other Adjustments to Cash (Uses)	28,755	28,755	20,000	(8,755)
Net Change in Fund Balance	(3,000)	(3,000)	(4,324)	(1,324)
Fund Balance - Beginning	3,000	3,000	387,265	384,265
Fund Balance - Ending	\$ 0	\$ 0	\$ 382,941	\$ 382,941

HARRISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

ARPA FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$	\$	\$ 1,834,192	\$ 1,834,192
Interest			971	971
Total Receipts			1,835,163	1,835,163
DISBURSEMENTS				
General Government		36,684	3,668	33,016
Administration		1,797,714	100	1,797,614
Total Disbursements		1,834,398	3,768	1,830,630
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,834,398)	1,831,395	3,665,793
Net Change in Fund Balance		(1,834,398)	1,831,395	3,665,793
Fund Balance - Beginning		1,834,398	1,834,398	
Fund Balance - Ending	\$ 0	\$ 0	\$ 3,665,793	\$ 3,665,793

**HARRISON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES**

June 30, 2022

Note 1. Budgetary Information

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

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

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

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

For The Year Ended June 30, 2022

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

For The Year Ended June 30, 2022

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 544,500	\$	\$	\$ 544,500
Land Improvements	441,628			441,628
Buildings and Building Improvements	7,846,258			7,846,258
Vehicles and Equipment	2,260,523	392,805	357,844	2,295,484
Other Equipment	2,040,702	43,512		2,084,214
Infrastructure	31,381,632			31,381,632
 Total Capital Assets	 <u>\$ 44,515,243</u>	 <u>\$ 436,317</u>	 <u>\$ 357,844</u>	 <u>\$ 44,593,716</u>

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

June 30, 2022

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 and Building Improvements	\$ 5,000	10-75
Vehicles and Equipment	\$ 5,000	3-25
Other Equipment	\$ 5,000	3-25
Infrastructure	\$ 5,000	10-50

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Jason Marshall, Harrison County Judge/Executive
The Honorable Alex Barnett, Former Harrison County Judge/Executive
Members of the Harrison County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Harrison County Fiscal Court for the fiscal year ended June 30, 2022 and the related notes to the financial statement which collectively comprise the Harrison County Fiscal Court's financial statement and have issued our report thereon dated January 19, 2023.

Internal Control Over Financial Reporting

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

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

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



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

Compliance And Other Matters

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

Purpose of this Report

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

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

January 19, 2023