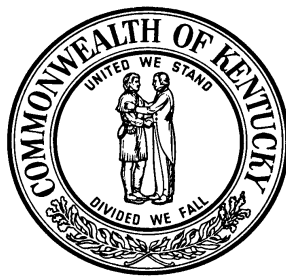


**REPORT OF THE AUDIT OF THE
OHIO COUNTY
FISCAL COURT**

**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**

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable David Johnston, Ohio County Judge/Executive
Members of the Ohio 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 Ohio County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Ohio County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Ohio 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 Ohio 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 Ohio 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 David Johnston, Ohio County Judge/Executive
Members of the Ohio 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 Ohio 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

Ohio 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 Ohio 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 Ohio 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 David Johnston, Ohio County Judge/Executive
Members of the Ohio 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 Ohio 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 David Johnston, Ohio County Judge/Executive
Members of the Ohio County Fiscal Court


Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the Ohio 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 Ohio County Fiscal Court's internal control over financial reporting and compliance.

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

- 2023-001 The Ohio County Fiscal Court Does Not Have Adequate Controls Over Occupational And Net Profit Tax Collections
- 2023-002 The Ohio County Detention Center Does Not Have Adequate Segregation Of Duties Over Jail Commissary Receipts And Disbursements

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 28, 2024

OHIO COUNTY OFFICIALS
For The Year Ended June 30, 2023

Fiscal Court Members:

David Johnston	County Judge/Executive
Sam Small	Magistrate (7-1-2022 through 12-31-2023)
Jason Bullock	Magistrate
Michael McKenney	Magistrate (1-1-2023 through 6-30-2023)
Joe Barnes	Magistrate (7-1-2022 through 12-31-2023)
Bo Bennett	Magistrate (1-1-2023 through 6-30-2023)
Larry Keown	Magistrate (7-1-2022 through 12-31-2023)
Kenneth Calloway	Magistrate (1-1-2023 through 6-30-2023)
Larry Morphey	Magistrate

Other Elected Officials:

Justin Keown	County Attorney
Rip Wright	Jailer (7-1-2022 through 12-31-2023)
Landon Spurlock	Jailer (1-1-2023 through 6-30-2023)
Bess Ralph	County Clerk
Shannon Kirtley	Circuit Court Clerk
Adam Wright	Sheriff
Arthur Leach	Property Valuation Administrator
Jerry Bevil	Coroner (7-1-2022 through 12-31-2023)
Elvis Doolin	Coroner (1-1-2023 through 6-30-2023)

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	Budgeted Funds		
	General Fund	Road Fund	Local Government Economic Assistance Fund
RECEIPTS			
Taxes	\$ 4,905,518	\$	\$
In Lieu Tax Payments	30,000		
Licenses and Permits	104,684		
Intergovernmental	2,405,870	2,569,651	1,239,963
Charges for Services	269,946		
Miscellaneous	604,484	268,865	
Interest	8,822	2,341	754
Total Receipts	<u>8,329,324</u>	<u>2,840,857</u>	<u>1,240,717</u>
DISBURSEMENTS			
General Government	5,030,039		28,203
Protection to Persons and Property	1,525,181		29,711
General Health and Sanitation	257,196		
Social Services	316,107		5,340
Recreation and Culture	460,807		53,076
Roads		2,478,887	
Airports			14,900
Debt Service	126,612	25,412	
Capital Projects		73,284	863,998
Administration	530,765	471,985	
Total Disbursements	<u>8,246,707</u>	<u>3,049,568</u>	<u>995,228</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>82,617</u>	<u>(208,711)</u>	<u>245,489</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	700,000		600,000
Transfers To Other Funds	<u>(600,500)</u>		<u>(700,000)</u>
Total Other Adjustments to Cash (Uses)	<u>99,500</u>		<u>(100,000)</u>
Net Change in Fund Balance	182,117	(208,711)	145,489
Fund Balance - Beginning (Restated)	<u>2,483,556</u>	<u>513,070</u>	<u>110,204</u>
Fund Balance - Ending	<u>\$ 2,665,673</u>	<u>\$ 304,359</u>	<u>\$ 255,693</u>
Composition of Fund Balance			
Bank Balance	\$ 2,765,429	\$ 354,941	\$ 258,578
Plus: Deposits In Transit			
Less: Outstanding Checks	<u>(99,756)</u>	<u>(50,582)</u>	<u>(2,885)</u>
Fund Balance - Ending	<u>\$ 2,665,673</u>	<u>\$ 304,359</u>	<u>\$ 255,693</u>

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

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

Budgeted Funds						
Federal Grants Fund	Forest Fire Protection Fund	Landfill Fund	Ohio County Economic Development Alliance Fund	Emergency Services Fund	County Clerk's Storage Fee Fund	American Rescue Plan Act Fund
\$	\$ 6,097	\$	\$	\$ 967,855	\$	\$
		80,000				
844,891		138,294	107,505	253,624	64,316	
	21	816	262	7,538	104	13,138
<u>844,891</u>	<u>6,118</u>	<u>219,110</u>	<u>107,767</u>	<u>1,229,707</u>	<u>64,420</u>	<u>20,704</u>
849,181		30,000	226,390	270	33,172	210,634
	2,785			1,014,467		204,517
						157,812
						112,594
		138,448				
						3,250
<u>849,181</u>	<u>2,785</u>	<u>168,448</u>	<u>226,390</u>	<u>1,014,737</u>	<u>33,172</u>	<u>688,807</u>
<u>(4,290)</u>	<u>3,333</u>	<u>50,662</u>	<u>(118,623)</u>	<u>214,970</u>	<u>31,248</u>	<u>(668,103)</u>
(4,290)	3,333	50,662	(118,623)	214,970	31,248	(668,103)
4,290	4,433	227,138	228,096	127,089		2,842,386
<u>\$ 0</u>	<u>\$ 7,766</u>	<u>\$ 277,800</u>	<u>\$ 109,473</u>	<u>\$ 342,059</u>	<u>\$ 31,248</u>	<u>\$ 2,174,283</u>
\$ 0	\$ 7,766	\$ 277,800	\$ 109,473	\$ 341,213	\$ 31,991	\$ 2,226,287
				12,583		108
				(11,737)	(743)	(52,112)
<u>\$ 0</u>	<u>\$ 7,766</u>	<u>\$ 277,800</u>	<u>\$ 109,473</u>	<u>\$ 342,059</u>	<u>\$ 31,248</u>	<u>\$ 2,174,283</u>

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

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

	<u>Budgeted Funds</u>		<u>Unbudgeted Funds</u>	
	<u>Waterline Fund</u>	<u>Opioid Settlement Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$	\$	\$	\$ 5,879,470
In Lieu Tax Payments				110,000
Licenses and Permits				104,684
Intergovernmental				7,378,315
Charges for Services	39,005			447,245
Miscellaneous		164,744	17,126	1,183,400
Interest	301	242		21,919
Total Receipts	<u>39,306</u>	<u>164,986</u>	<u>17,126</u>	<u>15,125,033</u>
DISBURSEMENTS				
General Government				6,407,889
Protection to Persons and Property				2,776,661
General Health and Sanitation				257,196
Social Services				479,259
Recreation and Culture			18,266	644,743
Roads				2,478,887
Airports				14,900
Debt Service				290,472
Capital Projects				937,282
Administration				1,006,000
Total Disbursements			<u>18,266</u>	<u>15,293,289</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>39,306</u>	<u>164,986</u>	<u>(1,140)</u>	<u>(168,256)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		500		1,300,500
Transfers To Other Funds				<u>(1,300,500)</u>
Total Other Adjustments to Cash (Uses)		<u>500</u>		
Net Change in Fund Balance	39,306	165,486	(1,140)	(168,256)
Fund Balance - Beginning (Restated)	81,018		36,585	6,657,865
Fund Balance - Ending	<u>\$ 120,324</u>	<u>\$ 165,486</u>	<u>\$ 35,445</u>	<u>\$ 6,489,609</u>
Composition of Fund Balance				
Bank Balance	\$ 120,324	\$ 165,486	\$ 35,445	\$ 6,694,733
Plus: Deposits In Transit				12,691
Less: Outstanding Checks				<u>(217,815)</u>
Fund Balance - Ending	<u>\$ 120,324</u>	<u>\$ 165,486</u>	<u>\$ 35,445</u>	<u>\$ 6,489,609</u>

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

**INDEX FOR NOTES
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**OHIO COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Federal Grants Fund - The primary purpose of this fund is to account for federal grants and related disbursements. The primary sources of receipts for this fund are grants from the federal government.

Forest Fire Protection Fund - The primary purpose of this fund is to account for disbursements related to fire protection. The primary sources of receipts for this fund are fire acre taxes on the county property tax bills.

Landfill Fund - The primary purpose of this fund is to account for the receipts and disbursements of landfill related projects. The primary source of receipts for this fund is landfill revenues.

Ohio County Economic Development Alliance Fund - The primary purpose of this fund is to account for funds used to promote growth and development of Ohio County's economic base, assist in the retention and expansion of existing business, and vigorously seek out new business for Ohio County. The primary sources of receipts for this fund are proceeds from short-term loans to local businesses.

Emergency Services Fund - The primary purpose of this fund is to account for the payments to support the operation of emergency management. The primary sources of receipts for this fund are a portion of occupational taxes collected.

County Clerk's Storage Fee Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with the preservation of records within the county clerk's recording department. The primary source of receipts for this fund is the county clerk's collection of storage fees.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for the receipts and disbursements of the American Rescue Plan Act funds provided by the federal government. The primary source of receipts for this fund is federal monies.

Waterline Reserve Fund - The primary purpose of this fund is to account for the waterline projects. The primary sources of receipts for this fund are a portion of landfill revenues.

Unbudgeted Funds

Opioid Settlement Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crises. The primary source of receipts for this fund is opioid settlement funds received from the state as a result of the state's agreement with major opioid manufacturers and distributors.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

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 does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

E. Ohio County Elected Officials

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Note 3. Transfers

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

	General Fund	LGEA Fund	Total Transfers In
General Fund	\$	\$ 700,000	\$ 700,000
LGEA Fund	600,000		600,000
Opioid Fund	500		500
Total Transfers Out	<u>\$ 600,500</u>	<u>\$ 700,000</u>	<u>\$ 1,300,500</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.

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

Note 4. Leases

A. Lessor

1. Administrative Office of the Courts

On June 15, 2021, the Ohio County Fiscal Court began leasing space in the Ohio County Community Center to the Administrative Office of the Courts. The lease is for one year, with the option to renew annually. Ohio County recognized \$138,130 in lease revenue during the current fiscal year related to this lease.

2. KY Counseling Partners

On January 1, 2021, the Ohio County Fiscal Court began leasing office space in a building owned by the county to KY Counseling Partners, LLC. The lease is for one year, with the option to renew annually. Ohio County recognized \$8,400 in lease revenue during the current fiscal year related to this lease.

3. Kentucky Child Support

On January 1, 2021, the Ohio County Fiscal Court began leasing space in the Ohio County Community Center to the Ohio County Child Support Office. The lease is for two years, with the option to renew for an additional two year period. Ohio County recognized \$4,928 in lease revenue during the current fiscal year related to this lease.

B. Lessee

1. Postage Machine

On January 1, 2021, the Ohio County Fiscal Court entered into a five-year lease agreement for the use of two postage machines. An initial lease liability was recorded in the amount of \$3,353 during the current fiscal year, which is the annual payment due. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$8,383.

Fiscal Year Ended June 30	Amount
2024	\$ 3,353
2025	3,353
2026	<u>1,677</u>
Total Minimum Lease Payments	<u>\$ 8,383</u>

Note 5. Subscription-Based Information Technology Arrangements (SBITA)

A. SBITA - County Clerk's Accounting Subscription

The Ohio County Fiscal Court entered into a subscription-based technology arrangement for the county clerk's office. The subscription terms are five years totaling \$145,260, and the Ohio County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$82,314. The Ohio County Fiscal Court is required to make monthly payments of \$2,421.

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

Note 5. Subscription-Based Information Technology Arrangements (SBITA) (Continued)

A. SBITA - County Clerk's Accounting Subscription (Continued)

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 29,052
2025	29,052
2026	<u>24,210</u>
Total Minimum Lease Payments	<u>\$ 82,314</u>

Note 6. Notes Receivable

The following are the notes receivable as of June 30, 2023, that the county has outstanding under the Ohio County Economic Development Alliance:

A. Brett and Ronald Renfrow (Renfrow Distribution)

On February 1, 2019, the county loaned \$40,000 to Renfrow Distribution for the purpose of paving and renovating property. Terms of the agreement stipulate a fifteen-year repayment schedule with interest from 2.44 percent to 2.81 percent. As of June 30, 2023, the loan has a 2.44 percent interest rate. County records indicate Renfrow Distribution is in substantial compliance with this agreement. As of June 30, 2023, principal balance has been paid in full.

B. Midkiff Custom Clearing

On March 8, 2021, the county loaned \$30,000 to Midkiff Custom Clearing for the purpose of providing working capital at the borrower's business. Terms of the agreement stipulate a seven-year repayment schedule with interest from 2.44 percent to 2.81 percent. As of June 30, 2022, the loan has a 2.44 percent interest rate. County records indicate Midkiff Custom Clearing is in substantial compliance with this agreement. As of June 30, 2023, principal balance has been paid in full.

C. Luke Burden (Cinema 33)

On June 18, 2022, the county loaned \$100,000 to Cinema 33 for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a ten-year repayment schedule at 2.44 percent interest rate, payable starting September 20, 2021. County records indicate Cinema 33 is not in substantial compliance with this agreement. As of June 30, 2023, principal balance due was \$97,139.

D. Clint Magan (Magan's Tiling)

On August 9, 2021, the county loaned \$25,000 to Magan's Tiling for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a seven-year repayment schedule at 3.56 percent interest rate, payable starting September 20, 2021. County records indicate Magan's Tiling is in substantial compliance with this agreement. As of June 30, 2023, principal balance due was \$18,671.

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

Note 6. Notes Receivable (Continued)

E. Tamarlane Industries

On February 2, 2022, the county loaned \$100,000 to Tamarlane for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a seven-year repayment schedule at 2.44 percent interest rate, payable starting March 1, 2022. County records indicate Tamarlane Industries is in substantial compliance with this agreement. As of June 30, 2023, principal balance due was \$92,074.

F. Jason Hoops (365 Off Road)

On October 18, 2021, the county loaned \$36,000 to 365 Off Road for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a seven-year repayment schedule at 2.44 percent interest rate, payable starting November 10, 2021. County records indicate 365 Off Road is in substantial compliance with this agreement. As of June 30, 2023, principal balance due was \$27,607.

G. Kentucky Whiskey Company

On July 15, 2022, the county loaned \$511,000 to Kentucky Whiskey Company for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a four-year repayment schedule at 2.44 percent interest rate, interest payable starting October 1, 2022 and principal payable starting July 1, 2023. County records indicate Kentucky Whiskey is in substantial compliance with this agreement. As of June 30, 2023, principal balance due was \$497,904.

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Courthouse Renovations

On November 18, 2005, the fiscal court entered into an installment loan agreement with the First United Bank in the amount of \$1,600,000 which is secured with collateral of real estate located at 434 Liberty St., Hartford, KY. The purpose of the loan was to finance the acquisition of property, to finance renovations and improvements to the courthouse, and to retire the Ohio County Buildings Commission First Mortgage Revenue Bonds, Series 1979. The interest rate is 3.35 percent for a period of 20 years with principal and interest payments due monthly. The principal balance at June 30, 2023, was \$273,668. Future debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	119,678	4,204
2025	123,285	3,326
2026	30,705	172
Totals	<u>\$ 273,668</u>	<u>\$ 7,702</u>

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

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Tractor and Mower

On February 27, 2020, the fiscal court entered into an installment loan agreement with First United Bank in the amount of \$137,562 which is secured with collateral of a 2019 John Deere Tractor and 2020 Tiger Boom Mower. The purpose of the loan was to purchase the tractor and mower. The interest rate is 3.4% percent with payments due on the 27th of each month. The loan terminates on March 27, 2026. The principal balance at June 30, 2023, was \$64,653. Future debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	23,632	1,780
2025	24,380	1,032
2026	16,641	216
Totals	<u>\$ 64,653</u>	<u>\$ 3,028</u>

B. 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	\$ 476,309	\$	\$ 137,988	\$ 338,321	\$ 143,310
Total Long-term Debt	<u>\$ 476,309</u>	<u>\$ 0</u>	<u>\$ 137,988</u>	<u>\$ 338,321</u>	<u>\$ 143,310</u>

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2024	143,310	5,984
2025	147,665	4,358
2026	47,346	388
Totals	<u>\$ 338,321</u>	<u>\$ 10,730</u>

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

Note 8. Commitment Debt

In 2009, the Ohio County Fiscal Court entered into a financial obligation agreement with the Ohio County Water District to provide semi-annual payments of principal, interest, and fees up to \$3,000,000 on a Kentucky Infrastructure Authority (KIA) loan the water district incurred for a construction of a new water treatment plant and related facilities. The agreement authorized and provided for a fiscal court to have a prepayment privilege of all, or part of the water district KIA loan obligation made by the fiscal court without a prepayment penalty. A prepayment in the amount of \$550,000 was made on the loan on April 1, 2009. This payment reduced the loan payment obligation by \$550,000, thereby leaving only a maximum loan payment obligation of \$2,450,000 in principal and the interest and loan servicing fee. The fiscal court's financial obligation shall continue until the KIA loan has been paid in full. The fiscal court agrees to reserve sufficient funds each year in its annual budget to provide for such payments. The fiscal court's obligation for fiscal year 2023 is \$124,762.

Note 9. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$729,617, FY 2022 was \$862,780, and FY 2023 was \$970,373.

Nonhazardous

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

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

Note 9. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

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

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

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

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

C. Cost of Living Adjustments - Tier 1

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

D. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

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.

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 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 10. Deferred Compensation

The Ohio 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.

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

Note 10. 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 11. Health Reimbursement Account/Flexible Spending Account

The Ohio County Fiscal Court established a flexible spending account during fiscal year 2010 to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$500-\$2,640 each year, depending on the plan chosen, to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction. In addition to the flexible spending account, employees receive a \$500 card from the insurance provider to cover outpatient services. The balance of the plan as of June 30, 2023, was \$199,119.

Note 12. Insurance

For the fiscal year ended June 30, 2023, the Ohio 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 13. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to various entities 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 Ohio 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.

Note 14. Prior Period Adjustments

The following adjustments were made to the beginning balances of the noted funds:

	General Fund	Road Fund
Prior Year Ending Fund Balance	\$ 2,472,184	\$ 512,426
Adjustments:		
Voided Checks	11,375	644
Prior Year Credit Card Split Transfer	(3)	
Beginning General Fund Balance Restated	<u>\$ 2,483,556</u>	<u>\$ 513,070</u>

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

For The Year Ended June 30, 2023

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OHIO 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	\$ 4,309,390	\$ 4,309,390	\$ 4,905,518	\$ 596,128
In Lieu Tax Payments	30,000	30,000	30,000	
Licenses and Permits	93,600	93,600	104,684	11,084
Intergovernmental	2,342,115	2,381,915	2,405,870	23,955
Charges for Services	169,000	216,450	269,946	53,496
Miscellaneous	581,525	581,525	604,484	22,959
Interest	4,703	4,703	8,822	4,119
Total Receipts	<u>7,530,333</u>	<u>7,617,583</u>	<u>8,329,324</u>	<u>711,741</u>
DISBURSEMENTS				
General Government	4,578,325	5,841,469	5,030,039	811,430
Protection to Persons and Property	1,720,784	1,731,241	1,525,181	206,060
General Health and Sanitation	247,190	302,241	257,196	45,045
Social Services	262,322	397,658	316,107	81,551
Recreation and Culture	428,667	498,346	460,807	37,539
Debt Service	126,612	126,612	126,612	
Administration	1,270,993	1,266,635	530,765	735,870
Total Disbursements	<u>8,634,893</u>	<u>10,164,202</u>	<u>8,246,707</u>	<u>1,917,495</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,104,560)</u>	<u>(2,546,619)</u>	<u>82,617</u>	<u>2,629,236</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			700,000	700,000
Transfers To Other Funds			(600,500)	(600,500)
Total Other Adjustments to Cash (Uses)			<u>99,500</u>	<u>99,500</u>
Net Change in Fund Balance	(1,104,560)	(2,546,619)	182,117	2,728,736
Fund Balance - Beginning (Restated)	<u>1,104,560</u>	<u>2,546,619</u>	<u>2,483,556</u>	<u>(63,063)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,665,673</u>	<u>\$ 2,665,673</u>

OHIO 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	\$ 3,242,496	\$ 3,242,496	\$ 2,569,651	\$ (672,845)
Miscellaneous	245,000	245,000	268,865	23,865
Interest	1,800	1,800	2,341	541
Total Receipts	<u>3,489,296</u>	<u>3,489,296</u>	<u>2,840,857</u>	<u>(648,439)</u>
DISBURSEMENTS				
Roads	\$ 3,026,489	\$ 3,521,660	\$ 2,478,887	\$ 1,042,773
Debt Service	25,381	25,549	25,412	137
Capital Projects	120,000	117,653	73,284	44,369
Administration	750,360	603,742	471,985	131,757
Total Disbursements	<u>3,922,230</u>	<u>4,268,604</u>	<u>3,049,568</u>	<u>1,219,036</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(432,934)</u>	<u>(779,308)</u>	<u>(208,711)</u>	<u>570,597</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	250,000	250,000		(250,000)
Total Other Adjustments to Cash (Uses)	<u>250,000</u>	<u>250,000</u>		<u>(250,000)</u>
Net Change in Fund Balance	(182,934)	(529,308)	(208,711)	320,597
Fund Balance - Beginning (Restated)	<u>182,934</u>	<u>529,308</u>	<u>513,070</u>	<u>(16,238)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 304,359</u>	<u>\$ 304,359</u>

OHIO 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				
Intergovernmental	\$ 921,043	\$ 1,204,472	\$ 1,239,963	\$ 35,491
Interest	100	100	754	654
Total Receipts	921,143	1,204,572	1,240,717	36,145
DISBURSEMENTS				
General Government	15,045	43,248	28,203	15,045
Protection to Persons and Property	27,000	37,000	29,711	7,289
Social Services	4,698	9,698	5,340	4,358
Recreation and Culture	43,500	53,475	53,076	399
Airports	14,900	14,900	14,900	
Capital Projects	816,000	1,156,455	863,998	292,457
Total Disbursements	921,143	1,314,776	995,228	319,548
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(110,204)	245,489	355,693
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			600,000	600,000
Transfers To Other Funds			(700,000)	(700,000)
Total Other Adjustments to Cash (Uses)			(100,000)	(100,000)
Net Change in Fund Balance		(110,204)	145,489	255,693
Fund Balance - Beginning		110,204	110,204	
Fund Balance - Ending	\$ 0	\$ 0	\$ 255,693	\$ 255,693

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

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,000,000	\$ 3,303,578	\$ 844,891	\$ (2,458,687)
Total Receipts	<u>1,000,000</u>	<u>3,303,578</u>	<u>844,891</u>	<u>(2,458,687)</u>
DISBURSEMENTS				
General Government	1,000,000	3,307,868	849,181	2,458,687
Total Disbursements	<u>1,000,000</u>	<u>3,307,868</u>	<u>849,181</u>	<u>2,458,687</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(4,290)</u>	<u>(4,290)</u>	
Net Change in Fund Balance		(4,290)	(4,290)	
Fund Balance - Beginning		<u>4,290</u>	<u>4,290</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

FOREST FIRE PROTECTION FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 6,300	\$ 6,300	\$ 6,097	\$ (203)
Interest	5	5	21	16
Total Receipts	<u>6,305</u>	<u>6,305</u>	<u>6,118</u>	<u>(187)</u>
DISBURSEMENTS				
Protection to Persons and Property	6,305	10,738	2,785	7,953
Total Disbursements	<u>6,305</u>	<u>10,738</u>	<u>2,785</u>	<u>7,953</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(4,433)</u>	<u>3,333</u>	<u>7,766</u>
Net Change in Fund Balance		(4,433)	3,333	7,766
Fund Balance - Beginning		<u>4,433</u>	<u>4,433</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,766</u>	<u>\$ 7,766</u>

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

	LANDFILL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 50,000	\$ 50,000	\$ 80,000	\$ 30,000
Charges for Services	120,000	120,000	138,294	18,294
Interest	325	325	816	491
Total Receipts	<u>170,325</u>	<u>170,325</u>	<u>219,110</u>	<u>48,785</u>
DISBURSEMENTS				
General Government		30,000	30,000	
Debt Service	170,325	170,325	138,448	31,877
Administration		197,138		197,138
Total Disbursements	<u>170,325</u>	<u>397,463</u>	<u>168,448</u>	<u>229,015</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(227,138)</u>	<u>50,662</u>	<u>277,800</u>
Net Change in Fund Balance		(227,138)	50,662	277,800
Fund Balance - Beginning		<u>227,138</u>	<u>227,138</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 277,800</u>	<u>\$ 277,800</u>

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

**OHIO COUNTY ECONOMIC
DEVELOPMENT ALLIANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 17,500	\$ 92,900	\$ 107,505	\$ 14,605
Interest	300	300	262	(38)
Total Receipts	17,800	93,200	107,767	14,567
DISBURSEMENTS				
General Government	217,800	321,296	226,390	94,906
Total Disbursements	217,800	321,296	226,390	94,906
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(200,000)	(228,096)	(118,623)	109,473
Net Change in Fund Balance	(200,000)	(228,096)	(118,623)	109,473
Fund Balance - Beginning	200,000	228,096	228,096	
Fund Balance - Ending	\$ 0	\$ 0	\$ 109,473	\$ 109,473

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

	EMERGENCY SERVICES FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 806,000	\$ 806,000	\$ 967,855	\$ 161,855
Intergovernmental	228,948	228,948	253,624	24,676
Miscellaneous	1,000	1,000	7,538	6,538
Interest	700	700	690	(10)
Total Receipts	<u>1,036,648</u>	<u>1,036,648</u>	<u>1,229,707</u>	<u>193,059</u>
DISBURSEMENTS				
General Government	1,000	1,000	270	730
Protection to Persons and Property	1,034,774	1,060,480	1,014,467	46,013
Administration	874	113,199		113,199
Total Disbursements	<u>1,036,648</u>	<u>1,174,679</u>	<u>1,014,737</u>	<u>159,942</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(138,031)</u>	<u>214,970</u>	<u>353,001</u>
Net Change in Fund Balance		(138,031)	214,970	353,001
Fund Balance - Beginning		<u>138,031</u>	<u>127,089</u>	<u>(10,942)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 342,059</u>	<u>\$ 342,059</u>

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

COUNTY CLERK'S STORAGE FEE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 64,316	\$ 14,316
Interest	50	50	104	54
Total Receipts	<u>50,050</u>	<u>50,050</u>	<u>64,420</u>	<u>14,370</u>
DISBURSEMENTS				
General Government	50,050	50,050	33,172	16,878
Total Disbursements	<u>50,050</u>	<u>50,050</u>	<u>33,172</u>	<u>16,878</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>31,248</u>	<u>31,248</u>
Net Change in Fund Balance			31,248	31,248
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,248</u>	<u>\$ 31,248</u>

OHIO 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				
Miscellaneous	\$	\$	\$ 13,138	\$ 13,138
Interest	2,500	2,500	7,566	5,066
Total Receipts	2,500	2,500	20,704	18,204
DISBURSEMENTS				
General Government	68,417	490,747	210,634	280,113
Protection to Persons and Property		420,000	204,517	215,483
Social Services	171,922	286,623	157,812	128,811
Recreation and Culture	53,643	281,194	112,594	168,600
Roads		54,925		54,925
Capital Projects	2,035,263	1,204,013		1,204,013
Administration		111,003	3,250	107,753
Total Disbursements	2,329,245	2,848,505	688,807	2,159,698
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,326,745)	(2,846,005)	(668,103)	2,177,902
Net Change in Fund Balance	(2,326,745)	(2,846,005)	(668,103)	2,177,902
Fund Balance - Beginning	2,326,745	2,846,005	2,842,386	(3,619)
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,174,283	\$ 2,174,283

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

	WATERLINE RESERVE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 30,000	\$ 30,000	\$ 39,005	\$ 9,005
Interest	100	100	301	201
Total Receipts	<u>30,100</u>	<u>30,100</u>	<u>39,306</u>	<u>9,206</u>
DISBURSEMENTS				
General Health and Sanitation	30,100	111,118		111,118
Total Disbursements	<u>30,100</u>	<u>111,118</u>		<u>111,118</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(81,018)</u>	<u>39,306</u>	<u>120,324</u>
Net Change in Fund Balance		(81,018)	39,306	120,324
Fund Balance - Beginning		<u>81,018</u>	<u>81,018</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 120,324</u>	<u>\$ 120,324</u>

OHIO COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

Note 1. Budgetary Information

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

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

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

**OHIO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

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**OHIO 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 Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Treasury</u>				
<i>Direct Program</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$	\$ 688,808
Total U.S. Department of Treasury			<u>\$</u>	<u>\$ 688,808</u>
<u>U. S. Department of Agriculture</u>				
<i>Direct Program</i>				
Emergency Watershed Protection Program (EWP Ohio County, KY)	10.923	N/A	\$	\$ 139,000
Total U.S. Department of Agriculture			<u>\$</u>	<u>\$ 139,000</u>
<u>U. S. Department of Health and Human Services</u>				
<i>Passed-Through Kentucky Cabinet for Health and Family Services</i>				
Aging Cluster				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	09-118889	\$	\$ 107,155
Total Aging Cluster			<u>\$</u>	<u>107,155</u>
Total U.S. Department of Health and Human Services			<u>\$</u>	<u>\$ 107,155</u>
<u>U. S. Department of Emergency Management</u>				
<i>Passed-Through Kentucky Department of Emergency Management</i>				
Emergency Management Performance Grants	97.042	SC0952300000859	\$	\$ 38,790
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	SC 0952400000157	<u>\$</u>	<u>112,334</u>
Total U.S. Department of Emergency Management			<u>\$</u>	<u>\$ 151,124</u>
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grants - State's Program				
Bluegrass Crossings Infrastructure	14.228	2300000270	\$	\$ 665,000
Utility Assistance	14.228	20C-017	<u>\$</u>	<u>2,891</u>
Total U.S. Department of Housing and Urban Development			<u>\$</u>	<u>\$ 667,891</u>
Total Expenditures of Federal Awards			<u>\$ 0</u>	<u>\$ 1,753,978</u>

The accompanying notes are an integral part of this schedule.

OHIO 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 Ohio 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 Ohio County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Ohio 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

Ohio County has not adopted an indirect cost rate and has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

For The Year Ended June 30, 2023

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OHIO 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	\$ 1,327,976	\$	\$	\$ 1,327,976
Land Improvements	56,400			56,400
Buildings & Building Improvements	6,689,808			6,689,808
Equipment	3,162,667	173,316		3,335,983
Vehicles	2,964,540	180,403	156,569	2,988,374
Infrastructure	13,086,353	952,612		14,038,965
 Total Capital Assets	 <u>\$ 27,287,744</u>	 <u>\$ 1,306,331</u>	 <u>\$ 156,569</u>	 <u>\$ 28,437,506</u>

**OHIO 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 & Land Improvements	\$ 50,000	10-60
Buildings	\$ 100,000	10-75
Building Improvements	\$ 75,000	10-75
Vehicle & Equipment	\$ 60,000	3-25
Equipment	\$ 100,000	3-25
Infrastructure	\$ 100,000	10-50

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable David Johnston, Ohio County Judge/Executive
Members of the Ohio 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 Ohio County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Ohio County Fiscal Court's financial statement and have issued our report thereon dated March 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Ohio 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 Ohio County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ohio 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a material weakness.



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

Report on Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a significant deficiency.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Sample 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*.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Ohio County's response to the findings identified in our audit and described in the accompanying or Schedule of Findings and Questioned Costs. The county's response was 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,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 28, 2024

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable David Johnston, Ohio County Judge/Executive
Members of the Ohio County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Ohio County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Ohio County Fiscal Court's major federal programs for the year ended June 30, 2023. The Ohio 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, Ohio 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 Ohio 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 Ohio County Fiscal Court's compliance with the compliance requirements referred to above.



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

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 Ohio County Fiscal Court's federal programs.

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 Ohio 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 for 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 Ohio 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 Ohio 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 Ohio 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 Ohio 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 The 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,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 28, 2024

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

For The Year Ended June 30, 2023

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OHIO 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 the auditor issued on whether the financial statement audited was prepared in accordance with GAAP:
 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 type="checkbox"/> Yes	<input checked="" 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>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
14.228	Community Development Block Grants – State's Program

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

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

Section II: Financial Statement Findings

Internal Control - Material Weakness

2023-001 The Ohio County Fiscal Court Does Not Have Adequate Controls Over Occupational And Net Profit Tax Collections

This is a repeat finding and was included in the prior year audit report as finding 2022-001. During the testing of occupational and net profit taxes the following exceptions were noted:

- Out of ten (10) companies selected for occupational tax testing, one (1) tax return was not maintained properly.
- Out of sixteen (16) companies selected for net profit tax testing, one (1) company did not file a net profit return and follow-up on the missing tax returns was not documented.

According to the occupational tax administrator, only two individuals are working in the office without extra help. This could result in tax returns being filed incorrectly and the improper documentation of received tax returns. By failing to implement internal controls over the collection of occupational taxes and net profits the county could lose out on tax revenues.

Effective internal controls include procedures to ensure occupational and net profits tax collections are properly and accurately processed and recorded to the ledger on a timely basis.

We recommend the county implement internal control procedures to ensure that the county is properly processing occupational taxes and net profit taxes correctly.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Every effort is made to file and maintain all documents.

Internal Control - Significant Deficiency

2023-002 The Ohio County Detention Center Does Not Have Adequate Segregation Of Duties Over Jail Commissary Receipts And Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2022-002. The Ohio County Detention Center lacks adequate segregation of duties over jail commissary receipts and disbursements. The jailer prepares deposits, prepares checkout sheets for inmate fees collected, handles cash collected from inmates, and approves and signs commissary checks.

According to the jailer, this lack of segregation of duties is a result of a limited budget, which restricts the number of qualified employees the Ohio County Detention Center can hire for accounting functions. Without the proper segregation of duties, the jailer creates the opportunity for misappropriation of assets and inaccurate financial reporting to occur and go unnoticed.

Good internal controls dictate that duties over the various accounting functions, such as approval/review of invoices and preparation of checks, be segregated in order to lower the risk of misappropriation of assets and inaccurate financial reporting occurring and going unnoticed.

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

Section II: Financial Statement Findings (Continued)

Internal Control - Significant Deficiency (Continued)

2023-002 The Ohio County Detention Center Does Not Have Adequate Segregation Of Duties Over Jail Commissary Receipts And Disbursements (Continued)

We recommend the Ohio County Detention Center implement segregation of duties over jail commissary receipts and disbursements of the jail commissary. If the duties cannot be segregated due to a limited number of staff or budget, strong oversight should be provided over the employee responsible for the duties. In addition, any compensating controls should be documented if performed.

Views of Responsible Official and Planned Corrective Action:

Current Jailer Landon Spurlock's Response: Ohio County Detention Center will add a second signature to every check that is written out of the commissary account. I have spoken with First United Bank and they have started on the paperwork to add Chief Deputy Ronnie Schroader to the commissary account, as a signee. Ohio County Detention Center will start documenting the internal controls over the collection of receipts. Jailer Spurlock will file a daily cash check out sheet for any money that will be deposited into our commissary account. Chief Deputy Ronnie Schroader will then look over and sign off on the checkout sheet, before the report is handed over to our commissary accountant.

Section III: Federal Award Findings and Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

Not Applicable.

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

OHIO COUNTY FISCAL COURT

For The Year Ended June 30, 2023

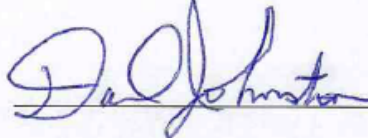
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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE
OHIO COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Ohio County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



David Johnston, County Judge/Executive



Anne Melton, County Treasurer