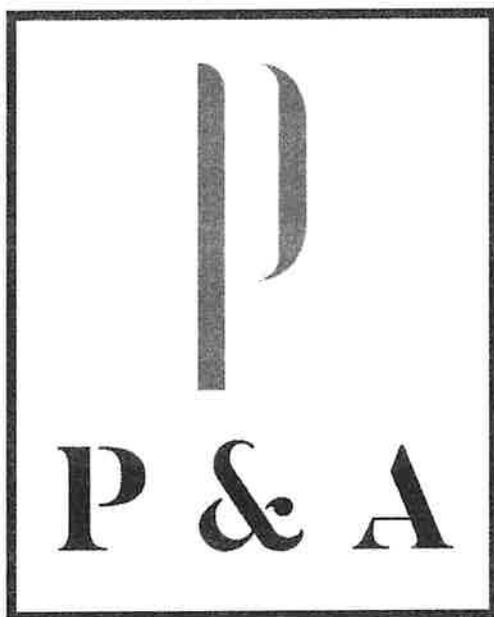


**REPORT OF THE AUDIT OF THE  
BOYLE COUNTY  
FISCAL COURT**

**For The Year Ended  
June 30, 2021**



**PATRICK & ASSOCIATES, LLC**

**124 Candlewood Drive  
Winchester, KY 40391**

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Howard P. Hunt III, Former Boyle County Judge/Executive

The Honorable Trille Bottom, Boyle County Judge/Executive

Members of the Boyle County Fiscal Court

#### Independent Auditor's Report

#### **Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Boyle County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Boyle County Fiscal Court's financial statement as listed in the table of contents.

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

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

#### **Auditor's Responsibility**

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

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

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Howard P. Hunt III, Former Boyle County Judge/Executive  
The Honorable Trille Bottom, Boyle County Judge/Executive  
Members of the Boyle 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 Boyle County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Boyle County Fiscal Court as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Boyle County Fiscal Court as of June 30, 2021, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

#### **Other Matters**

##### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Boyle County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards (supplementary information), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules 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.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Howard P. Hunt III, Former Boyle County Judge/Executive  
The Honorable Trille Bottom, Boyle County Judge/Executive  
Members of the Boyle County Fiscal Court

**Other Matters (Continued)**

*Supplementary and Other Information (Continued)*

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

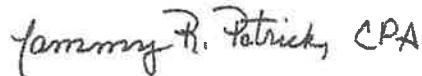
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023 on our consideration of the Boyle County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boyle County Fiscal Court's internal control over financial reporting and compliance.

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

- 2021-001 Boyle County Fiscal Court Did Not Prepare An Accurate And Complete Fourth Quarter Report
- 2021-002 Boyle County Fiscal Court Did Not Have Adequate Internal Controls Over Cash Transfers
- 2021-003 Boyle County Fiscal Court Did Not Prepare A Schedule Of Expenditures Of Federal Awards

Respectfully submitted,



Tammy R. Patrick, CPA  
Patrick & Associates, LLC

February 6, 2023

**BOYLE COUNTY OFFICIALS**

**For The Year Ended June 30, 2021**

**Fiscal Court Members:**

Howard P. Hunt III	County Judge/Executive
Tom V. Ellis	Magistrate
Ronald Short	Magistrate
Phil Sammons	Magistrate
Jason M. Cullen	Magistrate
Jamey Gay	Magistrate
John Caywood	Magistrate

**Other Elected Officials:**

Christopher K. Herron	County Attorney
Brian Wofford	Jailer
Trille Bottom	County Clerk
Cortney Shewmaker	Circuit Court Clerk
Derek Robbins	Sheriff
Lacresha Gibson	Property Valuation Administrator
Dr. Don Hamner	Coroner

**Appointed Personnel:**

Keagan Hinkle	County Treasurer
Julie Wagner	County Administrator

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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Joint Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
	<b>RECEIPTS</b>			
Taxes	\$ 12,171,331	\$	\$	\$
Excess Fees	414,835			
Licenses and Permits	100,935			
Intergovernmental	1,955,044	979,260	1,985,521	72,687
Charges for Services	220,380		116,063	
Miscellaneous	397,139	1,954	210,941	
Interest	53,553	1,104	373	17
Total Receipts	<u>15,313,217</u>	<u>982,318</u>	<u>2,312,898</u>	<u>72,704</u>
 <b>DISBURSEMENTS</b>				
General Government	2,890,399			
Protection to Persons and Property	174,817			2,866,550
General Health and Sanitation	1,596,552			
Social Services	71,417			
Recreation and Culture	405,994			
Transportation Facility and Services		22,919		
Roads		577,328		78,619
Airports	10,158			
Debt Service	147,700		79,531	
Capital Projects		145,165		
Administration	181,023	297,777	1,049,156	
Total Disbursements	<u>5,478,060</u>	<u>1,043,189</u>	<u>3,995,237</u>	<u>78,619</u>
 Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	 <u>9,835,157</u>	 <u>(60,871)</u>	 <u>(1,682,339)</u>	 <u>(5,915)</u>
 <b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	242,687		1,965,038	
Transfers To Other Funds	(3,425,455)		(242,687)	
Total Other Adjustments to Cash (Uses)	<u>(3,182,768)</u>		<u>1,722,351</u>	
 Net Change in Fund Balance	 6,652,389	 (60,871)	 40,012	 (5,915)
Fund Balance - Beginning	<u>4,945,972</u>	<u>216,421</u>	<u>625,987</u>	<u>81,611</u>
Fund Balance - Ending	<u>\$ 11,598,361</u>	<u>\$ 155,550</u>	<u>\$ 665,999</u>	<u>\$ 75,696</u>
 <b>Composition of Fund Balance</b>				
Bank Balance	\$ 11,750,368	\$ 156,592	\$ 675,567	\$ 75,696
Plus: Deposits In Transit	50			
Less: Outstanding Checks	(152,057)	(1,042)	(9,568)	
Fund Balance - Ending	<u>\$ 11,598,361</u>	<u>\$ 155,550</u>	<u>\$ 665,999</u>	<u>\$ 75,696</u>

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

**BOYLE COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>Budgeted Funds</b>				<b>Unbudgeted Fund</b>		<b>Internal Service Fund</b>	
<b>Emergency 911 Fund</b>	<b>Federal Grant Fund</b>	<b>Boyle Jail Fund</b>	<b>Emergency Medical Services Fund</b>	<b>Jail Commissary Fund</b>	<b>Total Funds</b>	<b>Health Insurance Fund</b>	
\$ 36,405	\$	\$	\$	\$	\$ 12,207,736	\$	
					414,835		
					100,935		
212,038	271,044		139,378		5,614,972	49,067	
			1,230,296		1,566,739		
			139,653	443,757	1,193,444	1,372,672	
14		1	104		55,166	387	
<u>248,457</u>	<u>271,044</u>	<u>1</u>	<u>1,509,431</u>	<u>443,757</u>	<u>21,153,827</u>	<u>1,422,126</u>	
196,959			1,841,178		2,890,399		
					5,079,504		
					1,596,552		
					71,417		
527,284				438,408	1,371,686		
					22,919		
					655,947		
					10,158		
					227,231		
					145,165		
			1,177	830,131	2,359,264	1,578,596	
<u>196,959</u>	<u>527,284</u>	<u>1,177</u>	<u>2,671,309</u>	<u>438,408</u>	<u>14,430,242</u>	<u>1,578,596</u>	
<u>51,498</u>	<u>(256,240)</u>	<u>(1,176)</u>	<u>(1,161,878)</u>	<u>5,349</u>	<u>6,723,585</u>	<u>(156,470)</u>	
208,009			1,252,408		3,668,142		
					(3,668,142)		
<u>208,009</u>			<u>1,252,408</u>				
51,498	(48,231)	(1,176)	90,530	5,349	6,723,585	(156,470)	
4,115	48,231	1,480	200,010	168,273	6,292,100	890,244	
<u>\$ 55,613</u>	<u>\$ 0</u>	<u>\$ 304</u>	<u>\$ 290,540</u>	<u>\$ 173,622</u>	<u>\$ 13,015,685</u>	<u>\$ 733,774</u>	
\$ 55,613	\$	\$ 304	\$ 303,966	\$ 180,496	\$ 13,198,602	\$ 752,078	
			50		100		
			(13,476)	(6,874)	(183,017)	(18,304)	
<u>\$ 55,613</u>	<u>\$ 0</u>	<u>\$ 304</u>	<u>\$ 290,540</u>	<u>\$ 173,622</u>	<u>\$ 13,015,685</u>	<u>\$ 733,774</u>	

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**BOYLE COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2021**

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

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

Joint Jail Fund - The primary purpose of this fund is to account for the jail expenses of Boyle and Mercer Counties. 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.

**BOYLE COUNTY  
NOTES TO FINANCIAL STATEMENT  
June 30, 2021  
(Continued)**

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

**C. Basis of Presentation (Continued)**

**Budgeted Funds (Continued)**

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

State Grant Fund - The primary purpose of this fund is to account for state monies received.

Emergency 911 Fund - This fund is used to support the operation of the county's emergency operations communications. The primary sources of receipts for this fund are land line and cellular telephone fees paid monthly by consumers.

Federal Grant Fund - The primary purpose of this fund is to account for federal monies received.

Boyle Jail Fund - This fund is to be used for juvenile inmate and jailer specific expenses not part of the joint jail agreement.

Emergency Medical Services Fund - The primary purpose of this fund is to account for ambulance receipts and disbursements. The primary sources of receipts are grants and charges for services.

Bond Proceeds Fund - The primary purpose of this fund is to account for receipt and disbursement of bond proceeds for capital projects.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted fund:

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund. The Department for Local Government does not require this fund to be budgeted.

**Internal Service Fund**

Health Insurance Fund - The primary purpose of this fund is to account for Boyle County's partially self-funded employee health insurance program.

**D. Budgetary Information**

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

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

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

**D. Budgetary Information (Continued)**

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

**E. Boyle County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Boyle 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 Boyle 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. Tax Abatements**

GASB Statement No. 77 – The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public presently. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

**I. Related Organizations and Joint Ventures**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of the Boyle Fiscal Court:

Boyle County Health Department  
Boyle County Conservation District

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 these criteria, the following are considered joint ventures of the Boyle Fiscal Court:

Danville - Boyle County Planning and Zoning  
Danville – Boyle County Convention and Visitor's Bureau  
Danville-Boyle Parks and Recreation Board

**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, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2021.

	General Fund	Joint Jail Fund	Total Transfers In
General Fund	\$ 242,687		\$ 242,687
Joint Jail Fund	1,965,038		1,965,038
Federal Grant Fund	208,009		208,009
EMS Fund	1,252,408		1,252,408
<b>Total Transfers Out</b>	<b>\$ 3,425,455</b>	<b>\$ 242,687</b>	<b>\$ 3,668,142</b>

Reason for transfers:

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

**Note 4. Custodial Funds**

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2021, was \$75,888.

**Note 5. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**Body Scanner - Jail**

On February 9, 2016, the Boyle County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) to finance the purchase of a body scanner for the jail. The amount of the agreement was \$118,750 with a fixed interest rate of 3.566 percent. Principal and interest payments are due monthly until scheduled final payment is made in February 2023. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The outstanding principal balance as of June 30, 2021, was \$30,440. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 18,096	\$ 791
2023	12,344	166
<b>Totals</b>	<b>\$ 30,440</b>	<b>\$ 957</b>

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

**B. Other Debt**

**General Obligation Bonds, Series 2015**

On June 30, 2015, the Boyle County Fiscal Court issued \$2,875,000 of General Obligation Bonds for the purpose of financing costs (to the extent not otherwise provided to be paid) of the acquisition and installation of energy efficiency improvements to (a) the Boyle County Courthouse located at 321 West Main Street, (b) the Boyle County Detention Center located at 1860 South Danville Bypass, (c) the Boyle County Emergency Medical Services facility located at 1856 South Danville Bypass, (d) the Boyle County Public Works facility located at 1858 South Danville Bypass, and (e) the Boyle County Recycling Center located at 1862 South Danville Bypass. Principal payments are due annually on December 1, and interest which varies from two percent to three percent, is payable semiannually on June 1 and December 1. In the event of default, any holder of Series 2015 bonds may either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance by the County and its officers and agents of all duties imposed or required by law or by the Series 2015 Ordinance, including the levying and collection of sufficient taxes and the application thereof in accordance with the provisions of the Series 2015 Ordinance. The outstanding principal balance as of June 30, 2021, was \$1,835,000.

Fiscal Year Ending June 30	Scheduled	
	Principal	Interest
2022	\$ 185,000	\$ 43,581
2023	190,000	39,594
2024	195,000	35,263
2025	200,000	30,818
2026	200,000	26,068
2027-2030	865,000	49,778
<b>Totals</b>	<b>\$ 1,835,000</b>	<b>\$ 225,102</b>

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

Long-term Debt activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 48,042	\$	\$ 17,602	\$ 30,440	\$ 18,096
General Obligation Bonds	2,015,000		180,000	1,835,000	185,000
<b>Total Long-term Debt</b>	<b>\$ 2,063,042</b>	<b>\$ 0</b>	<b>\$ 197,602</b>	<b>\$ 1,865,440</b>	<b>\$ 203,096</b>

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

**D. Aggregate Debt Schedule**

The amounts of required principal and interest payments on long-term obligations at June 30, 2021, were as follows:

Fiscal Year Ending June 30	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Scheduled Interest	Principal	Scheduled Interest
2022	\$ 18,096	\$ 791	\$ 185,000	\$ 43,581
2023	12,344	166	190,000	39,594
2024			195,000	35,263
2025			200,000	30,818
2026			200,000	26,068
2027-2030			865,000	49,778
<b>Totals</b>	<b>\$ 30,440</b>	<b>\$ 957</b>	<b>\$ 1,835,000</b>	<b>\$ 225,102</b>

**Note 6. Commitments and Contingencies**

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

**Note 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 (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The county's contribution for FY 2019 was \$1,274,385, FY 2020 was \$1,454,382, and FY 2021 was \$1,404,012.

**Nonhazardous**

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

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

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 7. Employee Retirement System (Continued)**

**Nonhazardous (Continued)**

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

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

**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 KRS 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 39.58 percent.

**Other Post-Employment Benefits (OPEB)**

**A. Health Insurance Coverage - Tier 1**

CERS provides post-retirement health care coverage as follows:

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

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

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(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 161.714 with exception of COLA and retiree health benefits after July 2003.

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

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

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

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

C. 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.

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(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 KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

**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, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

KRS Annual Financial Report and Proportionate Share Audit Report

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

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

**Note 8. Deferred Compensation**

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

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

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

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 9. Insurance**

For the fiscal year ended June 30, 2021, the Boyle County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 10. Health Insurance Fund**

The Boyle County Fiscal Court maintains a self-insurance fund to account for the health insurance provided by other funds on a cost reimbursement basis. The purpose of the self-insurance fund is to have funds available to cover some losses as full insurance for all types of risk can be prohibitively expensive and to accumulate reserves for catastrophic losses. Under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board, this fund would have been accounted for as an internal service fund being charged, then considered receipts of the health insurance fund. Charges to funds should be reasonable and equitable so that the receipts and disbursements of the health insurance fund are approximately equal and assume that the fund will have profitable and loss years and will break even over time.

**Note 11. 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 Boyle County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2021, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 12. Tax Abatements**

**A. Pittman Creek Wholesale, LLC**

The occupational tax was abated under the authority of the Boyle County Fiscal Court. Pitman Creek Wholesale, LLC (the company) is eligible to receive this tax abatement as a result of its commitment to create jobs in Boyle County. The company initially pays the full amount of the occupational taxes prior to the abatement. The taxes are abated by issuing a refund to the company for wage assessment equivalent to 0.375% of the County's occupational license fee after documentation is provided to the county to substantiate the provisions of the tax abatement have been met. Pitman Creek Wholesale, LLC made the commitment to create and continuously maintain at least 44 and up to 65 new full-time jobs within 14 years within the county. The performance term of the tax abatement is 14 years from the activation of the project, or until the company recovers a total of \$116,250, whichever comes first. For fiscal year ended June 30, 2021, Boyle County abated occupational taxes totaling \$13,506 under this agreement.

**BOYLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 12. Tax Abatements (Continued)**

**B. Transnav Technologies, Inc.**

The occupational tax was abated under the authority of the Boyle County Fiscal Court. Transnav Technologies, Inc. (the company) is eligible to receive this tax abatement as a result of its commitment to create jobs in Boyle County. The company initially pays the full amount of the occupational taxes prior to the abatement. The taxes are abated by issuing a refund to the company for wage assessment equivalent to 0.28% of the County's occupational license fee after documentation is provided to the county to substantiate the provisions of the tax abatement have been met. Transnav Technologies, Inc. made the commitment to create and continuously maintain at least 27 new full-time jobs within 15 years within the county. The performance term of the tax abatement is 15 years from the activation of the project, or until the company recovers a total of \$38,966, whichever comes first. For fiscal year ended June 30, 2021, Boyle County abated occupational taxes totaling \$0 under this agreement.

**C. Meggitt Aircraft Braking Systems Kentucky Corporation**

The occupational tax was abated under the authority of the Boyle County Fiscal Court. Meggitt Aircraft Braking Systems Kentucky Corporation (the company) is eligible to receive this tax abatement as a result of its commitment to create jobs in Boyle County. The company initially pays the full amount of the occupational taxes prior to the abatement. The taxes are abated by issuing a refund to the company for wage assessment equivalent to 0.28% of the County's occupational license fee after documentation is provided to the county to substantiate the provisions of the tax abatement have been met. Meggitt Aircraft Braking Systems Kentucky Corporation made the commitment to create and continuously maintain at least 119 and up to 139 new full-time jobs within 14 years within the county. The performance term of the tax abatement is 15 years from the activation of the project, or until the company recovers a total of \$195,664, whichever comes first. For fiscal year ended June 30, 2021, Boyle County abated occupational taxes totaling \$0 under this agreement.

**Note 13. Subsequent Event**

During June of 2022, a business filed amended license fee returns for calendar years 2019 and 2020. These amended returns resulted in refunds of \$107,478 for 2019 and \$84,501.34 for 2020 being due from the Boyle County Fiscal Court. An agreement was made with the business to make the required refunds during fiscal years 2023 and 2024. As of June 30, 2022 the balance of the refund due was \$191,979.

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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

<b>GENERAL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 7,017,100	\$ 7,017,100	\$ 12,171,331	\$ 5,154,231
Excess Fees	323,654	323,654	414,835	91,181
Licenses and Permits	75,250	75,250	100,935	25,685
Intergovernmental	1,709,302	1,709,302	1,955,044	245,742
Charges for Services	102,525	102,525	220,380	117,855
Miscellaneous	311,955	311,955	397,139	85,184
Interest	27,000	27,000	53,553	26,553
Total Receipts	<u>9,566,786</u>	<u>9,566,786</u>	<u>15,313,217</u>	<u>5,746,431</u>
<b>DISBURSEMENTS</b>				
General Government	3,154,903	3,349,128	2,890,399	458,729
Protection to Persons and Property	207,200	208,390	174,817	33,573
General Health and Sanitation	1,849,608	1,881,881	1,596,552	285,329
Social Services	88,500	88,500	71,417	17,083
Recreation and Culture	421,795	457,169	405,994	51,175
Airports	10,175	10,175	10,158	17
Debt Service	148,512	343,139	147,700	195,439
Administration	<u>4,809,817</u>	<u>4,352,128</u>	<u>181,023</u>	<u>4,171,105</u>
Total Disbursements	<u>10,690,510</u>	<u>10,690,510</u>	<u>5,478,060</u>	<u>5,212,450</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,123,724)</u>	<u>(1,123,724)</u>	<u>9,835,157</u>	<u>10,958,881</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	100,000	100,000	242,687	142,687
Transfers To Other Funds	(3,224,641)	(3,224,641)	(3,425,455)	(200,814)
Total Other Adjustments to Cash (Uses)	<u>(3,124,641)</u>	<u>(3,124,641)</u>	<u>(3,182,768)</u>	<u>(58,127)</u>
Net Change in Fund Balance	(4,248,365)	(4,248,365)	6,652,389	10,900,754
Fund Balance - Beginning	<u>4,248,365</u>	<u>4,248,365</u>	<u>4,433,267</u>	<u>184,902</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,085,656</u>	<u>\$ 11,085,656</u>

**BOYLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>ROAD FUND</b>					
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>		<b>Positive</b>	<b>(Negative)</b>
<b>RECEIPTS</b>					
Intergovernmental	\$ 1,146,176	\$ 1,146,176	\$ 979,260	\$ (166,916)	
Miscellaneous	1,500	1,500	1,954	454	
Interest	800	800	1,104	304	
Total Receipts	<u>1,148,476</u>	<u>1,148,476</u>	<u>982,318</u>	<u>(166,158)</u>	
<b>DISBURSEMENTS</b>					
Transportation Facilities and Services	18,050	23,314	22,919	395	
Roads	580,570	592,966	577,328	15,638	
Capital Projects	370,163	370,163	145,165	224,998	
Administration	343,856	326,196	297,777	28,419	
Total Disbursements	<u>1,312,639</u>	<u>1,312,639</u>	<u>1,043,189</u>	<u>269,450</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(164,163)	(164,163)	(60,871)	103,292	
Net Change in Fund Balance	(164,163)	(164,163)	(60,871)	103,292	
Fund Balance - Beginning	<u>164,163</u>	<u>164,163</u>	<u>216,421</u>	<u>52,258</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 155,550</u>	<u>\$ 155,550</u>	

**BOYLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>JOINT JAIL FUND</b>					
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>	
<b>RECEIPTS</b>					
Intergovernmental	\$ 2,287,305	\$ 2,287,305	\$ 1,985,521	\$ (301,784)	
Charges for Services	93,800	93,800	116,063	22,263	
Miscellaneous	230,130	230,130	210,941	(19,189)	
Interest	300	300	373	73	
<b>Total Receipts</b>	<b>2,611,535</b>	<b>2,611,535</b>	<b>2,312,898</b>	<b>(298,637)</b>	
<b>DISBURSEMENTS</b>					
Protection to Persons and Property	3,429,020	3,437,563	2,866,550	571,013	
Debt Service	79,532	80,247	79,531	716	
Administration	1,746,378	1,737,120	1,049,156	687,964	
<b>Total Disbursements</b>	<b>5,254,930</b>	<b>5,254,930</b>	<b>3,995,237</b>	<b>1,259,693</b>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,643,395)	(2,643,395)	(1,682,339)	961,056	
<b>Other Adjustments to Cash (Uses)</b>					
Transfers From Other Funds	2,054,877	2,054,877	1,965,038	(89,839)	
Transfers To Other Funds			(242,687)	(242,687)	
<b>Total Other Adjustments to Cash (Uses)</b>	<b>2,054,877</b>	<b>2,054,877</b>	<b>1,722,351</b>	<b>(332,526)</b>	
Net Change in Fund Balance	(588,518)	(588,518)	40,012	628,530	
Fund Balance - Beginning	588,518	588,518	625,987	37,469	
<b>Fund Balance - Ending</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 665,999</b>	<b>\$ 665,999</b>	

**BOYLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>(Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>RECEIPTS</b>				
Intergovernmental Interest	\$ 40,000	\$ 40,000	\$ 72,687	\$ 32,687
Total Receipts	<u>40,000</u>	<u>40,000</u>	<u>72,704</u>	<u>32,704</u>
<b>DISBURSEMENTS</b>				
Roads	80,000	80,000	78,619	1,381
Administration	45,492	45,492		45,492
Total Disbursements	<u>125,492</u>	<u>125,492</u>	<u>78,619</u>	<u>46,873</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(85,492)</u>	<u>(85,492)</u>	<u>(5,915)</u>	<u>79,577</u>
Net Change in Fund Balance	<u>(85,492)</u>	<u>(85,492)</u>	<u>(5,915)</u>	<u>79,577</u>
Fund Balance - Beginning	<u>85,492</u>	<u>85,492</u>	<u>81,611</u>	<u>(3,881)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,696</u>	<u>\$ 75,696</u>

**BOYLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>EMERGENCY 911 FUND</b>						
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)		Variance with Final Budget	
	Original	Final	Original	Final	Positive (Negative)	
<b>RECEIPTS</b>						
Taxes	\$ 37,500	\$ 37,500	\$ 36,405	\$ (1,095)		
Intergovernmental	200,000	200,000	212,038	12,038		
Interest	5	5	14	9		
Total Receipts	<u>237,505</u>	<u>237,505</u>	<u>248,457</u>	<u>10,952</u>		
<b>DISBURSEMENTS</b>						
Protection to Persons and Property	241,190	241,190	196,959	44,231		
Total Disbursements	<u>241,190</u>	<u>241,190</u>	<u>196,959</u>	<u>44,231</u>		
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,685)	(3,685)	51,498	55,183		
Net Change in Fund Balance	(3,685)	(3,685)	51,498	55,183		
Fund Balance - Beginning	3,685	3,685	4,115	430		
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 55,613</u>	<u>\$ 55,613</u>		

**BOYLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>FEDERAL GRANT FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 490,610	\$ 490,610	\$ 271,044	\$ (219,566)
Total Receipts	490,610	490,610	271,044	(219,566)
<b>DISBURSEMENTS</b>				
Recreation and Culture	498,575	534,990	527,284	7,706
Total Disbursements	498,575	534,990	527,284	7,706
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(7,965)	(44,380)	(256,240)	(211,860)
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	50,000	50,000	208,009	158,009
Transfers To Other Funds	(100,000)	(63,585)		63,585
Total Other Adjustments to Cash (Uses)	(50,000)	(13,585)	208,009	221,594
Net Change in Fund Balance	(57,965)	(57,965)	(48,231)	9,734
Fund Balance - Beginning	57,965	57,965	48,231	(9,734)
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**BOYLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>BOYLE JAIL FUND</b>						
	<b>Budgeted Amounts</b>		<b>Actual Amounts,</b> <b>(Budgetary Basis)</b>		<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>			<b>Positive</b>	<b>(Negative)</b>
<b>RECEIPTS</b>						
Interest	\$ 1	\$ 1	\$ 1	\$ 1	\$	
Total Receipts	1	1	1	1		
<b>DISBURSEMENTS</b>						
Administration	1,483	1,483	1,177	1,177	306	
Total Disbursements	1,483	1,483	1,177	1,177	306	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,482)	(1,482)	(1,176)	(1,176)	306	
Net Change in Fund Balance	(1,482)	(1,482)	(1,176)	(1,176)	306	
Fund Balance - Beginning	1,482	1,482	1,480	1,480	(2)	
Fund Balance - Ending	\$ 0	\$ 0	\$ 304	\$ 304	\$ 304	

**BOYLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>EMERGENCY MEDICAL SERVICES FUND</b>					
	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>(Budgetary Basis)</u>	<u>Variance with Final Budget</u>	
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>	
<b>RECEIPTS</b>					
Intergovernmental	\$ 208,000	\$ 208,000	\$ 139,378	\$ (68,622)	
Charges for Services	1,350,000	1,350,000	1,230,296	(119,704)	
Miscellaneous	1,500	1,500	139,653	138,153	
Interest	100	100	104	4	
<b>Total Receipts</b>	<b>1,559,600</b>	<b>1,559,600</b>	<b>1,509,431</b>	<b>(50,169)</b>	
<b>DISBURSEMENTS</b>					
Protection to Persons and Property	1,875,200	1,907,173	1,841,178	65,995	
Administration	939,400	907,427	830,131	77,296	
<b>Total Disbursements</b>	<b>2,814,600</b>	<b>2,814,600</b>	<b>2,671,309</b>	<b>143,291</b>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,255,000)	(1,255,000)	(1,161,878)	93,122	
<b>Other Adjustments to Cash (Uses)</b>					
Transfers From Other Funds	1,119,764	1,119,764	1,252,408	132,644	
<b>Total Other Adjustments to Cash (Uses)</b>	<b>1,119,764</b>	<b>1,119,764</b>	<b>1,252,408</b>	<b>132,644</b>	
Net Change in Fund Balance	(135,236)	(135,236)	90,530	225,766	
Fund Balance - Beginning	135,236	135,236	200,010	64,774	
<b>Fund Balance - Ending</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 290,540</b>	<b>\$ 290,540</b>	

**BOYLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>STATE GRANT FUND</b>					
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>		<b>Positive</b>	<b>(Negative)</b>
<b>RECEIPTS</b>					
Intergovernmental	\$ 500,000	\$ 500,000	\$	\$ (500,000)	
Total Receipts	<u>500,000</u>	<u>500,000</u>			<u>(500,000)</u>
<b>DISBURSEMENTS</b>					
General Government	500,000	500,000			500,000
Total Disbursements	<u>500,000</u>	<u>500,000</u>			<u>500,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)					
Net Change in Fund Balance					
Fund Balance - Beginning					
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0	

**BOYLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>BOND PROCEEDS FUND</b>			
		Actual Amounts.	Variance with Final Budget
	Budgeted Amounts	(Budgetary Basis)	Positive (Negative)
	Original	Final	
<b>RECEIPTS</b>			
Total Receipts	\$	\$	\$
<b>DISBURSEMENTS</b>			
Debt Service	25,000,000	25,000,000	25,000,000
Total Disbursements	25,000,000	25,000,000	25,000,000
Excess (Deficiency) of Receipts Over Disbursements Before Other			
Adjustments to Cash (Uses)	(25,000,000)	(25,000,000)	25,000,000
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds	25,000,000	25,000,000	(25,000,000)
Total Other Adjustments to Cash (Uses)	25,000,000	25,000,000	(25,000,000)
Net Change in Fund Balance			
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 0

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

**June 30, 2021**

**Note 1. Budgetary Information**

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

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

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

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

**Reconciliation of the General Fund**

Fund Balance - Beginning - Budgetary Basis	\$ 4,433,267
Change In Occupational Tax Fund Account Balance	<u>512,705</u>
Fund Balance - Beginning - Regulatory Basis	<u><u>\$ 4,945,972</u></u>
Fund Balance - Ending - Budgetary Basis	\$ 11,085,656
Change In Occupational Tax Fund Account Balance	<u>512,705</u>
Fund Balance - Ending - Regulatory Basis	<u><u>\$ 11,598,361</u></u>

**BOYLE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 2021**

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**BOYLE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Total Federal Expenditures</u>
<b><u>U. S. Department of Interior / National Park Service</u></b>			
<b><i>Direct Program</i></b>			
Program Name : Battlefield Land Acquisition Grant	15.928		\$ 271,043
<b>Total U.S. Department of Interior</b>			<b><u>271,043</u></b>
<b><u>U. S. Department of Homeland Security</u></b>			
<i>Passed-Through State Department : Kentucky Department of Military Affairs</i>			
Program Name : Emergency Management Performance Grants	97.042	SC-095-2000000513	12,273
Program Name : Disaster Grants - Public Assistance Presidentially Declared Disasters	97.036	FEMA-DR-4592-KY	<u>57,147</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>69,420</u></b>
<b><u>U. S. Federal Highway Administration</u></b>			
<i>Passed-Through State Transportation Cabinet</i>			
Program Name : Highway Planning / Construction	20.205	P02-628-1600003721	<u>256,240</u>
<b>Total U.S. Federal Highway Administration</b>			<b><u>256,240</u></b>
<b><u>U. S. Department of Treasury</u></b>			
<i>Passed-Through State Department of Local Government</i>			
Program Name : COVID-19 - Coronavirus Relief Fund	21.019	PON21122100000528	135,760
		PON21122100001515	<u>346,645</u>
<b>Total U.S. Department of Treasury</b>			<b><u>482,405</u></b>
<b>TOTALS</b>			<b><u>\$ 1,079,108</u></b>

**BOYLE COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2021**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Boyle County, Kentucky under programs of the federal government for the year ended June 30, 2020. 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 Boyle County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Boyle 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**

Boyle County Fiscal Court has not adopted an indirect cost rate.

**Note 4. Subrecipients**

Boyle County Fiscal Court had no federal grant subrecipients during the fiscal year.

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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 828,252	\$ 455,192	\$	\$ 1,283,444
Land Improvements	2,655,745			2,655,745
Buildings and Improvements	12,248,655			12,248,655
Vehicles and Equipment	3,197,413	629,199	298,918	3,527,694
Machinery and Equipment	4,237,306	211,256	137,841	4,310,721
Infrastructure	11,337,561	843,217		12,180,778
<b>Total Capital Assets</b>	<b>\$ 34,504,932</b>	<b>\$ 2,138,864</b>	<b>\$ 436,759</b>	<b>\$ 36,207,037</b>

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

**June 30, 2021**

**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	\$ 7,500	10-45
Buildings and Improvements	\$ 20,000	10-60
Vehicles and Equipment	\$ 1,000	3-20
Machinery and Equipment	\$ 1,000	3-12
Infrastructure	\$ 5,000	10-40

**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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The Honorable Howard P. Hunt III, Former Boyle County Judge/Executive  
The Honorable Trille Bottom, Boyle County Judge/Executive  
Members of the Boyle County Fiscal Court

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

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Boyle County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Boyle County Fiscal Court's financial statement and have issued our report thereon dated February 6, 2023.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-002 and 2021-003 to be material weaknesses.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Boyle County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-002, and 2021-003.

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)

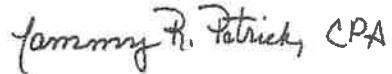
**Views of Responsible Official and Planned Corrective Action**

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

**Purpose of this Report**

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

Respectfully submitted,

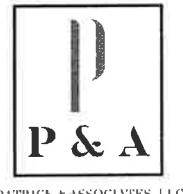


Tammy R. Patrick, CPA  
Patrick & Associates, LLC

February 6, 2023

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

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

The Honorable Howard P. Hunt III, Former Boyle County Judge/Executive  
The Honorable Trille Bottom, Boyle County Judge/Executive  
Members of the Boyle County Fiscal Court

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

**Independent Auditor's Report**

**Report on Compliance for Each Major Federal Program**

We have audited the Boyle County Fiscal Court's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Boyle County Fiscal Court's major federal programs for the year ended June 30, 2021. The Boyle 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.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Boyle County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Boyle County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Boyle County Fiscal Court's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Boyle County Fiscal Court complied, in all material respects, with the types of 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, 2021.

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

**Report on Internal Control over Compliance**

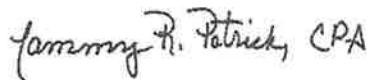
Management of the Boyle County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Boyle County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Boyle County Fiscal Court's 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 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.

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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,



Tammy R. Patrick, CPA  
Patrick & Associates, LLC

February 6, 2023

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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

**Section I: Summary of Auditor's Results**

***Financial Statement***

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

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major programs:

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

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID 19 – Coronavirus Relief Fund
15.928	Battlefield Land Acquisition Grant

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

**BOYLE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

**Section II: Financial Statement Findings**

***Internal Control - Material Weaknesses/State Laws And Regulations***

**2021-001 Boyle County Fiscal Court Did Not Prepare An Accurate And Complete Fourth Quarter Report**

The Boyle County Fiscal Court did not prepare an accurate and complete fourth quarter report. The auditors obtained a fourth quarter report from the county and compared it to the information submitted to DLG at the end of the fiscal year. Upon review, it was clear that the receipts and disbursements numbers were not accurate. There was only about one quarter's worth of disbursements included, and the receipts numbers were the same numbers as on the prior year fourth quarter report.

There was a change in the County Treasurer position during this time. This transition along with insufficient internal controls over financial reporting resulted in this error going undetected.

Not having a complete quarterly report puts the county in noncompliance with state law. Additionally, not having accurate information presented in the fourth quarter report misrepresents the financial position of the county at year-end and does not provide management with accurate financial information when making financial decisions.

KRS 68.210 requires the State Local Finance Officer to create a uniform system of accounts for all counties and county officials. The *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for handling of public funds, including required procedures and formats for the county's quarterly report submission.

Good internal controls also require an employee independent of the report preparation to review the quarterly report and trace pertinent information to supporting underlying financial records before submission to the Department for Local Government in order to ensure accurate information is being submitted.

We recommend the fiscal court work to ensure they adhere to the Department for Local Government's requirements for information that should accompany the county's fourth quarter report. Furthermore, we recommend the county strengthen controls over the reporting process to ensure accurate information is being submitted.

**Views of Responsible Official and Planned Corrective Action:**

Treasurer was removed from duty early July prior to completing a report. An Interim Treasurer was named and completed the report using software information for the last quarter only. A permanent Treasurer has now been named and new software has been implemented to correct these situations. After all information has been entered and gone through the quarterly report will automatically generate correctly.

**2021-002 Boyle County Fiscal Court Did Not Have Adequate Internal Controls Over Cash Transfers**

The Boyle County Fiscal Court did not have adequate internal controls over cash transfers. During the review of cash transfers, the auditor noted several state payments that were posted to transfers in and had to be reclassified instead to the proper receipt category. The auditor also noted transfers totaling \$22,408 were made from the General Fund to the EMS Fund in order to cover overdrafts in that fund that were not approved by the Fiscal Court. In addition, transfers totaling \$48,287 were made from the General Fund to the Joint Jail Fund to cover overdrafts in that fund. The money was eventually transferred back from the Joint Jail Fund to the General Fund, but neither of these transfers had Fiscal Court approval.

The county did not have adequate controls over monitoring the cash transfers made during the fiscal year.

**BOYLE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

**Section II: Financial Statement Findings (Continued)**

***Internal Control - Material Weaknesses/State Laws And Regulations (Continued)***

**2021-002 Boyle County Fiscal Court Did Not Have Adequate Internal Controls Over Cash Transfers**  
**(Continued)**

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The amount recorded on the quarterly financial statement for transfers in and transfers out was inaccurate and the county was not in compliance with requirements set forth by the Department for Local Government.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual states, "All transfers require a court order."

We recommend the Boyle County Fiscal Court improve internal controls over monitoring cash transfers made between funds during the fiscal year. This could include procedures such as an employee independent of the financial reporting process review the cash transfer ledgers periodically throughout the year to make sure no unauthorized transfers are being made.

**Views of Responsible Official and Planned Corrective Action:**

Cash transfers are written out to be presented to fiscal court during each meeting when necessary. After approval is given, the transfers are made and confirmation numbers recorded and journal entries are made in the software.

**2021-003 Boyle County Fiscal Court Did Not Prepare A Schedule Of Expenditures Of Federal Awards**

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The Boyle County Fiscal Court did not prepare a schedule of expenditures of federal awards (SEFA) to report federal grant disbursements for fiscal year ended June 30, 2021 as required by the Department for Local Governments as well as federal reporting requirements. However, the newly appointed county treasurer prepared the SEFA when this was noted during the audit.

The county treasurer changed during the fiscal year and no one knew about the requirement to prepare a SEFA at year-end to submit to the Department for Local Government.

The fiscal court is not in compliance with reporting requirements for federal awards.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual requires the county treasurer to prepare a schedule of expenditures of federal awards and submit this schedule with the fourth quarter report to the Department for Local Government.

Additionally, *OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards* 2 CFR 200.508(b) requires the auditee to "[p]repare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with 200.510 Financial statements." 2 CFR 200.510(b) states, in part, "The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with CFR 200.502 Basis for determining Federal awards expended. In addition, good internal controls dictate the SEFA be complete and accurate.

**BOYLE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

**Section II: Financial Statement Findings (Continued)**

*Internal Control - Material Weaknesses/State Laws And Regulations (Continued)*

2021-003 Boyle County Fiscal Court Did Not Prepare A Schedule Of Expenditures Of Federal Awards  
(Continued)

We recommend the Boyle County Fiscal Court ensure the SEFA is complete and accurately prepared for each fiscal year federal monies are expended and turn in the required SEFA form to the Department for Local Government with the year-end financial reports.

Views of Responsible Official and Planned Corrective Action:

Interim Treasurer at the time was not aware of this mandatory reporting and did not complete the report. Current Treasurer was unaware that the report had not been completed at her time of hire but has since completed the report and is on target to have each year's report completed and submitted as required.

**Section III: Federal Award Findings And Questioned Costs**

None.

**Section IV: Summary Schedule of Prior Audit Findings**

None.

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

**BOYLE COUNTY FISCAL COURT**

**For The Year Ended June 30, 2021**

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
BOYLE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2021

The Boyle 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.

Tilly L. Bottom

County Judge/Executive

Darlene Lanham

County Treasurer

