

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

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



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Trille Bottom, Boyle County Judge/Executive

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

Members of the Boyle County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Boyle County Fiscal Court, for the year ended June 30, 2022, 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.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Boyle County Fiscal Court, for the year ended June 30, 2022, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Boyle County Fiscal Court, for the year ended June 30, 2022, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

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



To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

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

As described in Note 1 of the financial statement, the financial statement is prepared by the 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 and pervasive.

Responsibilities of Management for the Financial Statement

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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Members of the Boyle County Fiscal Court

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Boyle County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Other Information

Management is responsible for the other information that we were engaged to include in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. However, the Boyle County Fiscal Court did not provide a capital assets schedule to be included in this report. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boyle County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

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

Members of the Boyle County Fiscal Court

Other Reporting Required by *Government Auditing Standards* (Continued)

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

- 2022-001 The Boyle County Fiscal Court's Fourth Quarter Report Was Materially Misstated And Disbursements Exceeded Budgeted Appropriations
- 2022-002 The Boyle County Fiscal Court Did Not Have Adequate Internal Controls Over Cash Transfers
- 2022-003 The Boyle County Fiscal Court Did Not Prepare A Capital Asset Listing For The Fiscal Year

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Farrah Petter". The signature is fluid and cursive, with the first name "Farrah" being more prominent and the last name "Petter" following in a similar style.

Farrah Petter, CPA
Assistant Auditor of Public Accounts
Frankfort, Ky

August 11, 2023

BOYLE COUNTY OFFICIALS
For The Year Ended June 30, 2022

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 Hammer	Coroner

Appointed Personnel:

Keagan Hinkle	County Treasurer (through 7/28/21)
Jackie Richardson	County Treasurer (Interim 8/2/21 through 11/7/21)
Darlene Lanham	County Treasurer (11/8/21 through present)
Julie Wagner	County Administrator

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

For The Year Ended June 30, 2022

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

For The Year Ended June 30, 2022

	Budgeted Funds			
	General Fund	Road Fund	Joint Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 24,252,119	\$	\$	\$
Excess Fees	376,859			
Licenses and Permits	108,453			
Intergovernmental	703,036	1,125,545	2,518,974	75,533
Charges for Services	268,377		64,092	
Miscellaneous	467,049	909	261,768	
Interest	46,662	696	435	10
Total Receipts	<u>26,222,555</u>	<u>1,127,150</u>	<u>2,845,269</u>	<u>75,543</u>
DISBURSEMENTS				
General Government	16,697,404			
Protection to Persons and Property	385,698		3,009,581	
General Health and Sanitation	1,705,313			
Social Services	92,000			
Recreation and Culture	452,631			
Transportation Facility and Services		18,835		
Roads		884,327		41,843
Airports	7,642			
Debt Service	148,578		80,003	
Capital Projects		208,252		
Administration	1,720,663	329,580	1,070,826	24
Total Disbursements	<u>21,209,929</u>	<u>1,440,994</u>	<u>4,160,410</u>	<u>41,867</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>5,012,626</u>	<u>(313,844)</u>	<u>(1,315,141)</u>	<u>33,676</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,783,679	271,120	1,929,431	
Transfers To Other Funds	(3,512,466)		(275,479)	
Total Other Adjustments to Cash (Uses)	<u>(728,787)</u>	<u>271,120</u>	<u>1,653,952</u>	
Net Change in Fund Balance	4,283,839	(42,724)	338,811	33,676
Fund Balance - Beginning (Restated)	11,649,165	156,535	666,057	75,696
Fund Balance - Ending	<u>\$ 15,933,004</u>	<u>\$ 113,811</u>	<u>\$ 1,004,868</u>	<u>\$ 109,372</u>
Composition of Fund Balance				
Bank Balance	\$ 18,054,472	\$ 117,859	\$ 1,063,795	\$ 109,372
Plus: Deposits In Transit	525			
Less: Outstanding Checks	(2,121,993)	(4,048)	(58,927)	
Fund Balance - Ending	<u>\$ 15,933,004</u>	<u>\$ 113,811</u>	<u>\$ 1,004,868</u>	<u>\$ 109,372</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, 2022
(Continued)

Budgeted Funds				Unbudgeted Fund	Internal Service Fund	
Emergency 911 Fund	Boyle Jail Fund	Emergency Medical Services Fund	ARPA Fund	Jail Commissary Fund	Total Funds	Health Insurance Fund
\$ 34,074	\$	\$	\$	\$	\$ 24,286,193	\$
					376,859	
					108,453	
226,464		245,846	2,919,401		7,814,799	52,143
		1,813,879			2,146,348	
		51,778		656,691	1,438,195	1,543,497
18	1	105	5,410		53,337	405
260,556	1	2,111,608	2,924,811	656,691	36,224,184	1,596,045
					16,697,404	
					6,078,635	
					1,705,313	
					92,000	
				588,749	1,041,380	
					18,835	
					926,170	
					7,642	
					228,581	
					208,252	
17,473	1,075	965,375	230,778		4,335,794	1,542,752
277,363	2,864	3,387,052	230,778	588,749	31,340,006	1,542,752
(16,807)	(2,863)	(1,275,444)	2,694,033	67,942	4,884,178	53,293
	9,775	1,309,762			6,303,767	
(14,747)	(1,075)		(2,500,000)		(6,303,767)	
(14,747)	8,700	1,309,762	(2,500,000)		0	
(31,554)	5,837	34,318	194,033	67,942	4,884,178	53,293
55,613	304	291,186		173,622	13,068,178	733,774
\$ 24,059	\$ 6,141	\$ 325,504	\$ 194,033	\$ 241,564	\$ 17,952,356	\$ 787,067
\$ 54,059	\$ 6,141	\$ 345,433	\$ 210,683	\$ 249,819	\$ 20,211,633	\$ 822,708
					525	
(30,000)		(19,929)	(16,650)	(8,255)	(2,259,802)	(35,641)
\$ 24,059	\$ 6,141	\$ 325,504	\$ 194,033	\$ 241,564	\$ 17,952,356	\$ 787,067

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

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TO THE FINANCIAL STATEMENT**

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BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2022

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 for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Joint Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

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

State 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 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.

ARPA Fund - The primary purpose of this fund is to account for American Rescue Plan Act receipts and disbursements to assist the county with recovery efforts and improvements in post COVID-19 pandemic time.

Unbudgeted Fund

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.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

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

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

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

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

E. 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).

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

H. Related Obligations 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 this criteria, the following are considered related organizations of the Boyle County 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 this criteria, the following are considered joint ventures of the Boyle County 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

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

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

Note 3. Transfers

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

	General Fund	Joint Jail Fund	Emergency 911 Fund	Boyle Jail Fund	ARPA Fund	Total Transfers In
General Fund	\$	\$ 275,479	\$ 8,200	\$	\$2,500,000	\$ 2,783,679
Road Fund	271,120					271,120
Joint Jail Fund	1,921,809		6,547	1,075		1,929,431
Boyle Jail Fund	9,775					9,775
EMS Fund	1,309,762					1,309,762
Total Transfers Out	<u>\$ 3,512,466</u>	<u>\$ 275,479</u>	<u>\$ 14,747</u>	<u>\$ 1,075</u>	<u>\$2,500,000</u>	<u>\$ 6,303,767</u>

Reason for transfers:

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

Note 4. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. 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, 2022 was \$57,209.

Note 5. Leases

1. Lessor

A. Radio Tower Space

In November 2010, the Boyle County Fiscal Court began leasing radio tower space to Broadband On Demand, LLC. The initial lease was for ten years and the Boyle County Fiscal Court would receive monthly payments of \$911. The initial lease had a five-year extension that started November 2020. The Boyle County Fiscal Court recognized \$10,934 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Boyle County Fiscal Court's receivable for lease payments was \$36,445.

B. Danville/Boyle County Economic Development Partnership, Inc

In July 2018, the Boyle County Fiscal Court leased seven structures located at Constitution Square Historic Site to Danville/Boyle County Economic Development Partnership, Inc. The lease was for 5 years and the Boyle County Fiscal Court would receive monthly payments of \$1,667. The lease has a five-year extension. The Boyle County Fiscal Court recognized \$20,000 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Boyle County Fiscal Court's receivable for lease payments was \$20,000.

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

Note 5. Leases (Continued)

1. Lessor

C. Administrative Office of the Courts Office Rental Space and Parking Spaces

The Administrative Office of the Courts (AOC) pays the Boyle County Fiscal Court \$10,213 quarterly, for a total of \$40,852 to rent office space each year. Also, AOC pays the Boyle County Fiscal Court \$978 a month for 23 parking spaces used at the county courthouse.

2. Lessee

In October 2002, the Boyle County Fiscal Court entered into a 20-year lease agreement as lessee for the acquisition and use of tower space and building space for communication equipment. There is a ten-year extension option available on this lease. The lease was for \$1 to be paid at the inception of the contract. As of June 30, 2022, the value of the lease liability was \$0.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Body Scanner - Jail Commissary

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, 2022, was \$10,814. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Scheduled</u> <u>Interest</u>
2023	\$ 10,814	\$ 129
Totals	<u>\$ 10,814</u>	<u>\$ 129</u>

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

Note 6. Long-term Debt (Continued)

B. Other Debt

1. 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 858 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, 2022, was \$1,650,000.

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 190,000	\$ 39,594
2024	195,000	35,263
2025	200,000	30,818
2026	200,000	26,068
2027	205,000	21,006
2028-2030	<u>660,000</u>	<u>28,772</u>
Totals	<u>\$ 1,650,000</u>	<u>\$ 181,521</u>

C. Changes In Long-term Debt

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

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements*	\$ 28,951	\$	\$ 18,137	\$ 10,814	\$ 10,814
General Obligation Bonds	<u>1,835,000</u>		<u>185,000</u>	<u>1,650,000</u>	<u>190,000</u>
Total Long-term Debt	<u>\$ 1,863,951</u>	<u>\$ 0</u>	<u>\$ 203,137</u>	<u>\$ 1,660,814</u>	<u>\$ 200,814</u>

*The body scanner debt beginning balance was re-stated due to a prior year payment not being accounted for properly in the prior year balance, reducing the current year beginning balance by \$1,485.

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

Note 6. Long-term Debt (Continued)

D. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ 190,000	\$ 39,594	\$ 10,814	\$ 129
2024	195,000	35,263		
2025	200,000	30,818		
2026	200,000	26,068		
2027	205,000	21,006		
2028-2030	660,000	28,772		
Totals	<u>\$ 1,650,000</u>	<u>\$ 181,521</u>	<u>\$ 10,814</u>	<u>\$ 129</u>

Note 7. 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 8. Employee Retirement System

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

The county's contribution for FY 2020 was \$1,454,382 FY 2021 was \$1,380,999 and FY 2022 was \$1,643,699.

Nonhazardous

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

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

Note 8. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

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

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

Hazardous

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

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

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

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

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

Benefits are covered under KRS 78.5536.

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

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

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

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

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

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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.

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

Annual Financial Report and Proportionate Share Audit Report

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

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

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

Note 9. 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, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

Note 10. Insurance

For the fiscal year ended June 30, 2022, 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 11. 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 12. 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, 2022, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

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

Note 13. 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, 2022, Boyle County abated occupational taxes totaling \$8,191 under this agreement.

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, 2022, Boyle County abated occupational taxes totaling \$16,568 under this agreement.

Note 14. Prior Period Adjustments

The following funds had restated beginning fund balances due to prior year voided checks being added back to the balances: general fund \$50,805, road fund \$985, joint jail fund \$58, and EMS fund \$646.

Note 15. 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 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.

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

For The Year Ended June 30, 2022

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BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,930,500	\$ 6,930,500	\$ 24,252,119	\$ 17,321,619
Excess Fees	216,500	216,500	376,859	160,359
Licenses and Permits	212,600	212,600	108,453	(104,147)
Intergovernmental	577,437	577,437	703,036	125,599
Charges for Services	157,650	157,650	268,377	110,727
Miscellaneous	543,675	543,675	467,049	(76,626)
Interest	19,020	19,020	46,662	27,642
Total Receipts	8,657,382	8,657,382	26,222,555	17,565,173
DISBURSEMENTS				
General Government	3,449,098	3,520,530	16,697,404	(13,176,874)
Protection to Persons and Property	205,390	205,390	385,698	(180,308)
General Health and Sanitation	1,785,948	1,828,789	1,705,313	123,476
Social Services	92,000	92,000	92,000	
Recreation and Culture	493,700	493,715	452,631	41,084
Airports	7,675	7,675	7,642	33
Debt Service	149,504	149,504	148,578	926
Administration	5,560,404	5,446,116	1,720,663	3,725,453
Total Disbursements	11,743,719	11,743,719	21,209,929	(9,466,210)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,086,337)	(3,086,337)	5,012,626	8,098,963
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	254,998	254,998	2,783,679	2,528,681
Transfers To Other Funds	(4,460,057)	(4,460,057)	(3,512,466)	947,591
Total Other Adjustments to Cash (Uses)	(4,205,059)	(4,205,059)	(728,787)	3,476,272
Net Change in Fund Balance	(7,291,396)	(7,291,396)	4,283,839	11,575,235
Fund Balance - Beginning (Restated)	7,291,396	7,291,396	11,649,165	4,357,769
Fund Balance - Ending	\$ 0	\$ 0	\$ 15,933,004	\$ 15,933,004

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,210,918	\$ 1,210,918	\$ 1,125,545	\$ (85,373)
Miscellaneous			909	909
Interest	1,200	1,200	696	(504)
Total Receipts	1,212,118	1,212,118	1,127,150	(84,968)
DISBURSEMENTS				
Transportation Facilities and Services	19,250	19,375	18,835	540
Roads	869,200	874,605	884,327	(9,722)
Capital Projects	361,318	367,390	208,252	159,138
Administration	341,998	330,396	329,580	816
Total Disbursements	1,591,766	1,591,766	1,440,994	150,772
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(379,648)	(379,648)	(313,844)	65,804
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	218,662	218,662	271,120	52,458
Total Other Adjustments to Cash (Uses)	218,662	218,662	271,120	52,458
Net Change in Fund Balance	(160,986)	(160,986)	(42,724)	118,262
Fund Balance - Beginning (Restated)	160,986	160,986	156,535	(4,451)
Fund Balance - Ending	\$ 0	\$ 0	\$ 113,811	\$ 113,811

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

JOINT JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,295,301	\$ 2,295,301	\$ 2,518,974	\$ 223,673
Charges for Services	154,550	154,550	64,092	(90,458)
Miscellaneous	215,150	221,500	261,768	40,268
Interest	400	400	435	35
Total Receipts	<u>2,665,401</u>	<u>2,671,751</u>	<u>2,845,269</u>	<u>173,518</u>
DISBURSEMENTS				
Protection to Persons and Property	3,556,695	3,563,045	3,009,581	553,464
Debt Service	72,702	89,586	80,003	9,583
Administration	<u>1,813,136</u>	<u>1,796,252</u>	<u>1,070,826</u>	<u>725,426</u>
Total Disbursements	<u>5,442,533</u>	<u>5,448,883</u>	<u>4,160,410</u>	<u>1,288,473</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,777,132)</u>	<u>(2,777,132)</u>	<u>(1,315,141)</u>	<u>1,461,991</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,223,772	2,223,772	1,929,431	(294,341)
Transfers To Other Funds			<u>(275,479)</u>	<u>(275,479)</u>
Total Other Adjustments to Cash (Uses)	<u>2,223,772</u>	<u>2,223,772</u>	<u>1,653,952</u>	<u>(569,820)</u>
Net Change in Fund Balance	(553,360)	(553,360)	338,811	892,171
Fund Balance - Beginning (Restated)	<u>553,360</u>	<u>553,360</u>	<u>666,057</u>	<u>112,697</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,004,868</u>	<u>\$ 1,004,868</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 75,533	\$ 35,533
Interest			10	10
Total Receipts	40,000	40,000	75,543	35,543
DISBURSEMENTS				
Roads	80,000	80,000	41,843	38,157
Administration	42,854	42,854	24	42,830
Total Disbursements	122,854	122,854	41,867	80,987
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(82,854)	(82,854)	33,676	116,530
Net Change in Fund Balance	(82,854)	(82,854)	33,676	116,530
Fund Balance - Beginning	82,854	82,854	75,696	(7,158)
Fund Balance - Ending	\$ 0	\$ 0	\$ 109,372	\$ 109,372

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

EMERGENCY 911 FUND				
	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes	\$ 35,000	\$ 35,000	\$ 34,074	\$ (926)
Intergovernmental	205,000	205,000	226,464	21,464
Interest	10	10	18	8
Total Receipts	<u>240,010</u>	<u>240,010</u>	<u>260,556</u>	<u>20,546</u>
DISBURSEMENTS				
Protection to Persons and Property	240,000	240,000	259,890	(19,890)
Administration	2,717	2,717	17,473	(14,756)
Total Disbursements	<u>242,717</u>	<u>242,717</u>	<u>277,363</u>	<u>(34,646)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,707)</u>	<u>(2,707)</u>	<u>(16,807)</u>	<u>(14,100)</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(14,747)	(14,747)
Total Other Adjustments to Cash (Uses)			<u>(14,747)</u>	<u>(14,747)</u>
Net Change in Fund Balance	(2,707)	(2,707)	(31,554)	(28,847)
Fund Balance - Beginning	<u>2,707</u>	<u>2,707</u>	<u>55,613</u>	<u>52,906</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,059</u>	<u>\$ 24,059</u>

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

BOYLE JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$ 1	\$ 1	\$ 1	\$
Total Receipts	1	1	1	
DISBURSEMENTS				
Protection to Persons and Property	25,000	25,000	1,789	23,211
Administration	1,804	1,804	1,075	729
Total Disbursements	26,804	26,804	2,864	23,940
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(26,803)	(26,803)	(2,863)	23,940
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	26,500	26,500	9,775	(16,725)
Transfers To Other Funds			(1,075)	(1,075)
Total Other Adjustments to Cash (Uses)	26,500	26,500	8,700	(17,800)
Net Change in Fund Balance	(303)	(303)	5,837	6,140
Fund Balance - Beginning	303	303	304	1
Fund Balance - Ending	\$ 0	\$ 0	\$ 6,141	\$ 6,141

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

EMERGENCY MEDICAL SERVICES FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 433,000	\$ 433,000	\$ 245,846	\$ (187,154)
Charges for Services	1,350,000	1,350,000	1,813,879	463,879
Miscellaneous			51,778	51,778
Interest	110	110	105	(5)
Total Receipts	<u>1,783,110</u>	<u>1,783,110</u>	<u>2,111,608</u>	<u>328,498</u>
DISBURSEMENTS				
Protection to Persons and Property	2,656,350	2,656,350	2,421,677	234,673
Administration	1,043,300	1,043,300	965,375	77,925
Total Disbursements	<u>3,699,650</u>	<u>3,699,650</u>	<u>3,387,052</u>	<u>312,598</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,916,540)</u>	<u>(1,916,540)</u>	<u>(1,275,444)</u>	<u>641,096</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,736,126</u>	<u>1,736,126</u>	<u>1,309,762</u>	<u>(426,364)</u>
Total Other Adjustments to Cash (Uses)	<u>1,736,126</u>	<u>1,736,126</u>	<u>1,309,762</u>	<u>(426,364)</u>
Net Change in Fund Balance	(180,414)	(180,414)	34,318	214,732
Fund Balance - Beginning (Restated)	<u>180,414</u>	<u>180,414</u>	<u>291,186</u>	<u>110,772</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 325,504</u>	<u>\$ 325,504</u>

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

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,950,000	\$ 2,950,000	\$ 2,919,401	\$ (30,599)
Interest			5,410	5,410
Total Receipts	<u>2,950,000</u>	<u>2,950,000</u>	<u>2,924,811</u>	<u>(25,189)</u>
DISBURSEMENTS				
Administration	<u>2,950,000</u>	<u>2,950,000</u>	<u>230,778</u>	<u>2,719,222</u>
Total Disbursements	<u>2,950,000</u>	<u>2,950,000</u>	<u>230,778</u>	<u>2,719,222</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>2,694,033</u>	<u>2,694,033</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			<u>(2,500,000)</u>	<u>(2,500,000)</u>
Total Other Adjustments to Cash (Uses)			<u>(2,500,000)</u>	<u>(2,500,000)</u>
Net Change in Fund Balance			194,033	194,033
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 194,033</u>	<u>\$ 194,033</u>

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

FEDERAL GRANT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
RECEIPTS			
Intergovernmental	\$ 250,000	\$ 250,000	\$ (250,000)
Total Receipts	250,000	250,000	(250,000)
DISBURSEMENTS			
General Government	250,000	250,000	250,000
Total Disbursements	250,000	250,000	250,000
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

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

STATE AND LOCAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
RECEIPTS			
Intergovernmental	\$ 500,000	\$ 500,000	\$ (500,000)
Total Receipts	500,000	500,000	(500,000)
DISBURSEMENTS			
General Government	500,000	500,000	500,000
Total Disbursements	500,000	500,000	500,000
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

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

BOND PROCEEDS FUND			
Budgeted Amounts		Actual	Variance with
Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
DISBURSEMENTS			
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
Other Adjustments to Cash (Uses)			
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, 2022

Note 1. Budgetary Information

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

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

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

Note 2. Excess of Disbursements Over Appropriations

The general fund, general government line-item, exceeded budgeted appropriations by \$13,176,874 and protection to persons and property line-item exceeded budget appropriations by \$180,308.

The road fund, roads line-item, exceeded budgeted appropriations by \$9,722.

The emergency 911 fund, protection to persons and property line-item, exceeded budgeted appropriations by \$19,890 and administration line-item exceeded budgeted appropriations by \$14,756.

**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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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Boyle County Fiscal Court for the fiscal year ended June 30, 2022, 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 August 11, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the 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 have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2022-001 to be a material weakness.



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

Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-002 and 2022-003 to be significant deficiencies.

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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, as described in the accompanying Schedule of Findings and Responses as item 2022-001.

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 Responses. 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,



Farrah Petter, CPA
Assistant Auditor of Public Accounts
Frankfort, Ky

August 11, 2023

**BOYLE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2022

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**BOYLE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS:

2022-001 The Boyle County Fiscal Court's Fourth Quarter Report Was Materially Misstated And Disbursements Exceeded Budgeted Appropriations

The Boyle County Fiscal Court does not have adequate controls over the reporting and budgeting process. The county's fourth quarter report was materially misstated, and disbursements exceeded approved budget appropriations due to the following:

- The fourth quarter report did not agree to the county's receipts and disbursements ledgers. These errors resulted in numerous and material adjustments to the fund financial statements. There were 14 adjustments to total receipts in the amount of \$14,617,311 and to total disbursements in the amount of \$9,581,886. These total adjustments are net amounts, and include the specific adjustments detailed in the subsequent bullet points.
- The fiscal court collects occupational tax and net profit tax on behalf of the City of Danville, as their agent, per ordinance. The funds were deposited to and disbursed from the county's occupational tax bank account; however, they were not recorded on the county's receipts and disbursements ledger or fourth quarter report. This resulted in material adjustments to receipts of \$11,746,960 and disbursements in the amount of \$13,517,331.
- The occupational and net profit tax collected for the county is not posted to the county's ledgers when received. It is placed in a separate occupational tax bank account and only posted to the county's ledgers when the funds are transferred to the county's general fund. This resulted in a material adjustment to reduce county occupational tax receipts in the general fund by \$1,770,331.

The county did not have procedures in place to review and ensure receipts and disbursements ledger amounts were accurately reported on the fourth quarter report and that occupational and net profit tax collections and payments to the City of Danville are included in the county's ledgers and fourth quarter report. Occupational and net profit tax should have been posted when received. However, they were not posted to the general fund until they were transferred from the occupational tax bank account. The county's fourth quarter report had significant errors in reporting ledger amounts which resulted in incorrect information being relied upon by those using that report, specifically DLG staff and fiscal court members for fiscal decision making. As a result of not budgeting for the payments to the City of Danville, the general government line item in the general fund financial statement budget to actual schedules was over budget by \$13,176,874. In addition, disbursements of \$200,000 to a fire department were not properly accounted for resulting in line item for protection to persons and property being over budget by \$180,308.

Proper internal controls over the county's reporting and budgeting process are important to ensure accurate financial reporting and disbursement decision making. 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 (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. DLG procedures per the manual require all receipts collected and disbursed to be reported on the fourth quarter report. Further, KRS 68.300 states, "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within the budget appropriation, shall be void. No member of the fiscal court shall vote for any such illegal appropriation or claim."

**BOYLE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2022
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-001 The Boyle County Fiscal Court's Fourth Quarter Report Was Materially Misstated And Disbursements Exceeded Budget Appropriations

KRS 68.280 states, "[t]he fiscal court may make provision for the expenditure of receipts unanticipated in the original budget by preparing an amendment to the budget, showing the source and amount of the unanticipated receipts, and specifying the budget funds that are to be increased thereby. The amendment shall be submitted to the state local finance officer subject to the same provisions as the original budget."

We recommend the Boyle County Fiscal Court implement procedures to review and ensure that future quarterly reports are accurate and agree to supporting accounting ledger amounts. We also recommend the Boyle County Fiscal Court accurately account for all occupational and net profit tax receipts and disbursements, including the collections for the City of Danville, by posting all receipts when received and disbursements when paid. In addition, it is recommended that all budgeted line items have sufficient funds available prior to posting expenses that exceed available budgeted funds.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Through many years, BCFC has not used disbursement codes for the Tax Administration bank account. After less than two years in this position, [treasurer] followed suit and did not include the numbers, but [treasurer] was told during the FY22 audit that these should be included. These numbers have been taken care of and corrected for the new software. These numbers will appear going forward and will also be added to the FY23 4th Quarter report.

2022-002 The Boyle County Fiscal Court Did Not Have Adequate Internal Controls Over Cash Transfers

This is a repeat finding and was included in the prior year audit report as finding 2021-002. The Boyle County Fiscal Court did not have adequate internal controls over cash transfers. During the review of cash transfers, two transfers totaling \$148,035 were made from the general fund to the joint jail fund in order to cover overdrafts in that fund. Those transfers were not properly approved by the fiscal court. Also, on the fourth quarter report, transfers in and out did not net to zero across funds, and transfers on the disbursements section of the fourth quarter report did not net to zero. The county did not have adequate controls over transfers related to fiscal court approval and reporting them on the fourth quarter report.

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 (DLG). These reporting errors resulted in significant adjustments to transfers in and out for the general fund, jail fund, E911 fund, and the EMS fund. These adjustments are listed in detail in finding 2022-001. 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 DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual states, "All transfers require a court order." Also, strong internal controls dictate that transfers should be reported accurately on the ledgers and fourth quarter report.

We recommend the Boyle County Fiscal Court improve internal controls over monitoring cash transfers made between funds during the fiscal year. This should 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, ensure all transfers are approved by fiscal court and ensure that all transfers in and out are reported accurately on the ledgers and fourth quarter report.

BOYLE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2022
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-002 The Boyle County Fiscal Court Did Not Have Adequate Internal Controls Over Cash Transfers
 (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This office wishes it to be known that the minutes of January 11, 2022 fiscal court meeting indicates a transfer of \$100,000 lowering the total of unaccounted transfers to \$48,035. As a new Treasurer in office, a transfer to cover a low bank account was mistakenly left off the fiscal court requests. Cash transfers are now written out on a form that includes the amount of transfer and the fund of withdrawal and deposit. These forms are included in the fiscal court packet for Judge and Magistrates to see before court and then signed by Judge Executive after approval. This process has already been in place for over a year and used on a regular basis for tracking.

2022-003 The Boyle County Fiscal Court Did Not Prepare A Capital Asset Listing For The Fiscal Year

The county did not prepare a capital asset list for the fiscal year. The capital asset list was not updated in the previous year and the finance officer who worked on the capital asset updates in prior years left during fiscal year ending June 30, 2022. No employee took over maintaining and updating the capital assets list during fiscal year 2022. Capital assets for each department were not inventoried and/or verified with department heads for fiscal year 2022. When capital asset balances are not maintained and updated the risk that capital assets balances are not reported accurately significantly increases due to potential for additions and deletions to not be accounted for properly. According to the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*, "An annual physical inventory of property and equipment shall be conducted on or before June 30. Physical counts must be compared to the master asset inventory listing. Resulting differences must be reconciled, explained and documented." The Budget and Policy Manual requires the counties to maintain a schedule of additions and retirements or disposals of capital assets in accordance with the county's capitalization policy.

We recommend the fiscal court implement internal controls over capital assets and ensure a complete capital asset schedule is completed per DLG policy.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The last capital asset list was completed for FY20. A thorough inventory of the county property was completed in June 2023 and an updated capital asset listing is in process of being completed along with an inventory list which is in process of being entered into the new software for tracking. The new finance officer is now in charge of monitoring this on a regular basis (as the person who sees purchases and makes payments). The Treasurer also keeps up with the actual capital asset listing and is notified of any changes as they occur. The updated listing is currently being updated at this point.

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

BOYLE COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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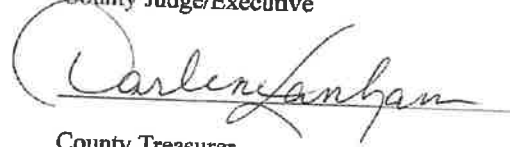
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
BOYLE COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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.

A handwritten signature in blue ink, reading "Trille L. Bolton", written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, reading "Carleen Lanham", written over a horizontal line.

County Treasurer