

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

**For The Year Ended
June 30, 2024**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Todd Cooper, Ballard County Judge/Executive
Members of the Ballard 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 Ballard County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Ballard 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 Ballard County Fiscal Court, for the year ended June 30, 2024, 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 Ballard County Fiscal Court, for the year ended June 30, 2024, 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 the Ballard 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
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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 Ballard 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

Ballard 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ballard County Fiscal Court's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 Ballard County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ballard County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

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

Other Information

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, on our consideration of the Ballard 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 Ballard County Fiscal Court's internal control over financial reporting and compliance.

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

- 2024-001 The Ballard County Fiscal Court's Financial Statement Was Materially Misstated
- 2024-002 The Ballard County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Materially Misstated
- 2024-003 The Ballard County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance
- 2024-004 The Ballard County Fiscal Court Failed To Implement Sufficient Internal Controls Over Their Service Organization's Collection Of Ambulance Receipts
- 2024-005 The Ballard County Jail Lacks Adequate Segregation Of Duties Over Inmate And Canteen Operations

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

February 26, 2025

BALLARD COUNTY OFFICIALS**For The Year Ended June 30, 2024****Fiscal Court Members:**

Todd Cooper	County Judge/Executive
Stonnie Dennis	Magistrate
Nathan Whipple	Magistrate
Ryan Hedrick	Magistrate
Jody Brown	Magistrate
Henry Bisson	Magistrate

Other Elected Officials:

Bethany Denton	County Attorney
Eric Coppess	Jailer
Katie Mercer	County Clerk
Charissa Harris	Circuit Court Clerk
Ronnie Giles	Sheriff
Susan Sullivan	Property Valuation Administrator
Tyler Morrow	Coroner

Appointed Personnel:

Susan Bailey	County Treasurer
Angela VanCleve	Chief Financial Officer

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 2,904,709	\$	\$	\$
In Lieu Tax Payments	11,024			
Excess Fees	40,657			
Licenses and Permits	11,931			
Intergovernmental	104,818	1,598,424	1,412,900	935
Charges for Services	12,000		37,209	3,050
Miscellaneous	62,826	54,632	88,686	
Interest	57,112	2,328	456	4
Total Receipts	<u>3,205,077</u>	<u>1,655,384</u>	<u>1,539,251</u>	<u>3,989</u>
DISBURSEMENTS				
General Government	1,144,274			
Protection to Persons and Property	21,882		1,410,398	
General Health and Sanitation				28,302
Recreation and Culture				
Roads		1,715,276		
Debt Service	30,385	240,650		
Capital Projects			26,625	
Administration	<u>779,313</u>	<u>213,184</u>	<u>304,800</u>	<u>3,379</u>
Total Disbursements	<u>1,975,854</u>	<u>2,169,110</u>	<u>1,741,823</u>	<u>31,681</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,229,223</u>	<u>(513,726)</u>	<u>(202,572)</u>	<u>(27,692)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	200,000			
Change In Payroll Revolving Account	(3,622)			
Transfers From Other Funds	686,090	879,175	280,122	27,728
Transfers To Other Funds	<u>(2,145,746)</u>	<u>(355,260)</u>	<u>(270)</u>	
Total Other Adjustments to Cash (Uses)	<u>(1,263,278)</u>	<u>523,915</u>	<u>279,852</u>	<u>27,728</u>
Net Change in Fund Balance	(34,055)	10,189	77,280	36
Fund Balance - Beginning	<u>1,106,909</u>	<u>331</u>	<u>25,867</u>	<u>118</u>
Fund Balance - Ending	<u>\$ 1,072,854</u>	<u>\$ 10,520</u>	<u>\$ 103,147</u>	<u>\$ 154</u>
Composition of Fund Balance				
Bank Balance	\$ 7,080	\$ 10,520	\$ 104,415	\$ 654
Payroll Revolving Account	53,458			
Less: Outstanding Checks	(1,010)		(1,268)	(500)
Certificates of Deposit	<u>1,013,326</u>			
Fund Balance - Ending	<u>\$ 1,072,854</u>	<u>\$ 10,520</u>	<u>\$ 103,147</u>	<u>\$ 154</u>

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

BALLARD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

Budgeted Funds						
Federal Grants Fund	DES Fund	Ambulance Fund	Solid Waste Fund	CDBG Grants Fund	911 Fund	Homeland Security Grants Fund
\$	\$	\$ 414,758	\$	\$	\$	\$
			100			
272,490	14,380	10,000	22,996			
	3,375	359,655	82,982			
	370	132,515	25,186		40,554	
	24	5,577	73		22	
272,490	18,149	922,505	131,337		40,576	
	74,567	1,279,630	326,393		238,627	
		26,199				
586,095	14,295	211,417	43,583		74,661	
586,095	88,862	1,517,246	369,976		313,288	
(313,605)	(70,713)	(594,741)	(238,639)		(272,712)	
		60,000				
	70,707	398,188	203,299		272,342	
	70,707	458,188	203,299		272,342	
(313,605)	(6)	(136,553)	(35,340)		(370)	
313,605	8	176,959	36,487	27	377	
\$ 0	\$ 2	\$ 40,406	\$ 1,147	\$ 27	\$ 7	\$ 0
\$	\$ 2	\$ 64,566	\$ 1,147	\$ 27	\$ 7	\$
		(24,160)				
\$ 0	\$ 2	\$ 40,406	\$ 1,147	\$ 27	\$ 7	\$ 0

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

BALLARD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

	Budgeted Funds			
	Clerk Permanent Storage Fund	Opioid Settlement Fund	ARPA Fund	Courthouse Fund
RECEIPTS				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental			50,000	154,543
Charges for Services				
Miscellaneous	12,780	61,273		7,067
Interest	58	117	1,282	136
Total Receipts	<u>12,838</u>	<u>61,390</u>	<u>51,282</u>	<u>161,746</u>
DISBURSEMENTS				
General Government	10,469			192,326
Protection to Persons and Property		32,404		
General Health and Sanitation				
Recreation and Culture				
Roads				
Debt Service				
Capital Projects				
Administration			203,593	
Total Disbursements	<u>10,469</u>	<u>32,404</u>	<u>203,593</u>	<u>192,326</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,369</u>	<u>28,986</u>	<u>(152,311)</u>	<u>(30,580)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				
Change In Payroll Revolving Account				
Transfers From Other Funds				20,501
Transfers To Other Funds			(336,876)	
Total Other Adjustments to Cash (Uses)			<u>(336,876)</u>	<u>20,501</u>
Net Change in Fund Balance	2,369	28,986	(489,187)	(10,079)
Fund Balance - Beginning	<u>4,401</u>	<u>58,986</u>	<u>489,190</u>	<u>15,434</u>
Fund Balance - Ending	<u>\$ 6,770</u>	<u>\$ 87,972</u>	<u>\$ 3</u>	<u>\$ 5,355</u>
Composition of Fund Balance				
Bank Balance	\$ 6,770	\$ 87,972	\$ 3	\$ 5,355
Payroll Revolving Account				
Less: Outstanding Checks				
Certificates of Deposit				
Fund Balance - Ending	<u>\$ 6,770</u>	<u>\$ 87,972</u>	<u>\$ 3</u>	<u>\$ 5,355</u>

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

BALLARD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

<u>Unbudgeted Fund</u>	
<u>Jail Commissary Fund</u>	<u>Total Funds</u>
\$	\$ 3,319,467
	11,024
	40,657
	12,031
	3,641,486
	498,271
268,835	754,724
	67,189
<u>268,835</u>	<u>8,344,849</u>
	1,347,069
	3,383,901
	28,302
195,781	195,781
	1,715,276
	297,234
	26,625
	<u>2,434,320</u>
<u>195,781</u>	<u>9,428,508</u>
<u>73,054</u>	<u>(1,083,659)</u>
	260,000
	(3,622)
	2,838,152
	<u>(2,838,152)</u>
	<u>256,378</u>
73,054	(827,281)
<u>36,981</u>	<u>2,265,680</u>
<u>\$ 110,035</u>	<u>\$ 1,438,399</u>
\$ 120,786	\$ 409,304
	53,458
(10,751)	(37,689)
	<u>1,013,326</u>
<u>\$ 110,035</u>	<u>\$ 1,438,399</u>

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

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TO THE FINANCIAL STATEMENT**

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**BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(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.

Federal Grants Fund - The primary purpose of this fund is to account for federal grant funds received and disbursed.

DES Fund - The primary purpose of this fund is to account for grants and related disbursements when disaster and emergency events occur. The primary sources of receipts for this fund are grants from the state and federal governments.

Ambulance Fund - The primary purpose of this fund is to account for funds received and disbursed in the operation of the ambulance services provided by the county.

Solid Waste Fund - The primary purpose of this fund is to account for garbage collection disbursements of the county. The primary source of receipts for this fund is from annual and monthly fee from solid waste customers.

CDBG Grants Fund - The primary purpose of this fund is to account for Community Development Block Grant (CDBG) funds received and disbursed.

911 Fund - The primary purpose of this fund is to account for the dispatch expense of the county. The primary source of receipts for this fund is the 911 telephone surcharge.

Homeland Security Grants Fund - The primary purpose of this fund is to account for Homeland Security Grant funds received and disbursed.

Clerk Permanent Storage Fund - The primary purpose of this fund is to account for receipts and disbursements related to the County Clerk's permanent storage of county records. The funds are used for the maintenance of records and for the facilities used to store those records.

Opioid Settlement Fund - The primary purpose of this fund is to account for revenues received as a result of the opioid settlement related to OxyContin.

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

Courthouse Fund - The primary purpose of this fund is to account for funds received from the Administrative Office of the Courts (AOC) and disbursed for courthouse expenses.

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

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.

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. Ballard County Elected Officials

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

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

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

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

Note 2. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG's) *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's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2024.

	General Fund	Road Fund	Jail Fund	ARPA Fund	Total Transfers In
General Fund	\$	\$ 355,260	\$	\$ 330,830	\$ 686,090
Road Fund	879,175				879,175
Jail Fund	280,122				280,122
LGEA Fund	27,728				27,728
Disaster Emergency Services Fund	64,391		270	6,046	70,707
Ambulance Fund	398,188				398,188
Solid Waste Fund	203,299				203,299
911 Fund	272,342				272,342
Courthouse Fund	20,501				20,501
Total Transfers Out	<u>\$ 2,145,746</u>	<u>\$ 355,260</u>	<u>\$ 270</u>	<u>\$ 336,876</u>	<u>\$ 2,838,152</u>

Reason for transfers:

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

Note 4. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in this fund as of June 30, 2024, was \$30,881.

Note 5. Leases

On April 26, 2023, the Ballard County Fiscal Court entered into a lease agreement with the Administrative Office of the Courts (AOC) for occupancy of office space in the Ballard County Courthouse. The lease was for one fiscal year and Ballard County received quarterly payments. Ballard County recognized \$154,543 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the Ballard County Fiscal Court's receivable for lease payments was \$0.

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Short-term Debt

A. Direct Borrowings and Direct Placements

In June 2024, Ballard County borrowed \$200,000 from a local financial institution for the purpose of operating capital to be repaid by December 2, 2024. A certificate of deposit was pledged as collateral. Upon the occurrence of any one of the following events (event of default), lender's obligations, if any, to make any advances will, at the lenders option, immediately terminate and the lender, at its option, may declare all indebtedness of borrower to lender under this note immediately due and payable without further notice of any kind notwithstanding anything to the contrary in this note or any other agreement: (a) borrower's failure to make any payment on time or in the amount due; (b) any default by the borrower under the terms of this note or any other related documents; (c) any default by the borrower under the terms of any other agreement between the lender and the borrower; (d) the death, dissolution, or termination of existence of the borrower or any guarantor; (e) borrower is not paying borrower's debts as such debts become due; (f) the commencement of any proceeding under bankruptcy or insolvency laws by or against Borrower or any guarantor or the appointment of a receiver; (g) any default under the terms of any other indebtedness of the borrower to any other creditor; (h) any writ of attachment, garnishment, execution, tax lien or similar instrument is issue against any collateral securing the loan, if any, or any borrower's property or any judgement is entered against the borrower or any guarantor; (i) any part of the borrower's business is sold to or merged with any other business, individual, or entity; (j) any representation or warranty made by the borrower or Lender in any of the related documents or any financial statement delivered to the lender proves to have been false in any material respect as of the time when made or given; (k) if any guarantor, or any other party to any related documents terminates, attempts to terminate or defaults under any such related document; (l) lender has deemed itself insecure or there has been a material adverse change of condition of the financial prospect of the borrower or any collateral securing the obligations owing to the lender by the borrower. Upon the occurrence of an event of default, the lender may pursue any remedy available under any related documents, at law or in equity. As of June 30, 2024, the outstanding principal balance was \$200,000.

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 200,000	\$ 7,111
Totals	<u>\$ 200,000</u>	<u>\$ 7,111</u>

B. Changes In Short-term Debt

Short-term Debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Promissory Note	\$	\$ 200,000	\$	\$ 200,000	\$ 200,000
Total Short-term Debt	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Ambulance

The Ballard County Fiscal Court entered into a financing agreement dated October 8, 2020, in the amount of \$120,500 with the Kentucky Association of Counties Leasing Trust Program for the purchase of an ambulance for the ambulance service. The maturity date of this agreement is October 20, 2025. Principal and interest payments are due monthly on the 20th of each month in variable amounts. The ambulance is pledged as collateral. In the event of default, the lessor may terminate the lease and give notice to vacate or surrender the project within 60 days from the date of such notice, take immediate possession of the project, recover from the county any lease payments for the period the county had possession of the ambulance and for the remainder of the fiscal year in which the default occurs, sell or lease the project and hold lessee liable for any amount not covered by sublease, and/or exercise any other right, remedy or privilege which may be available to it under the laws of the Commonwealth. As of June 30, 2024, the outstanding lease principal was \$33,953. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 25,337	\$ 763
2026	<u>8,616</u>	<u>61</u>
Totals	<u>\$ 33,953</u>	<u>\$ 824</u>

2. Road Equipment

The Ballard County Fiscal Court entered into a financing agreement dated March 3, 2021, in the amount of \$160,000 with the Kentucky Association of Counties Leasing Trust Program for the purchase of a truck, mower, and snowblade for the road department. The maturity date of this agreement is April 20, 2024. Principal and interest payments are due monthly on the 20th of each month in variable amounts. The equipment is pledged as collateral. In the event of default, the lessor may terminate the lease and give notice to vacate or surrender the project within 60 days from the date of such notice, take immediate possession of the project, recover from the county any lease payments for the period the county had possession of the project and for the remainder of the fiscal year in which the default occurs, sell or lease the project and hold the lessee liable for any amount not covered by sublease and/or exercise any other right, remedy or privilege which may be available to it under the laws of the Commonwealth. As of June 30, 2024, the lease was paid in full.

3. FEMA – Real Property Acquisition

On May 11, 2022, the Ballard County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties through Kentucky Farmers Bank. The purpose of the lease is for the acquisition of real property to be reimbursed by the Federal Emergency Management Agency (FEMA) of the United States Department of Homeland Security. The agreement allows for draws to be made from time to time, not to exceed \$1,500,000. The interest rate shall be a fixed rate of 4.30% per annum. Following all draws, a notation shall be made to the amortization schedule reflecting additional amounts due on the lease. The final payment amount borrowed will be due on May 20, 2025. In the event of default, the lessor may terminate the lease and take immediate possession of the project. The beginning balance of this lease was restated to account for a \$70,049 draw that was done in November 2022. The beginning balance of the lease was \$188,049 as of July 1, 2023. During the fiscal year, the county repaid \$188,049. As of June 30, 2024, no amount is due on the line of credit.

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. Sheriff's Vehicles

The Ballard County Fiscal Court entered into a financing agreement dated January 25, 2023, in the amount of \$106,913 with the Kentucky Association of Counties Leasing Trust Program, through Magnolia Bank, for the purchase of vehicles for the sheriff's department. The maturity date of this agreement is November 20, 2026. Principal and interest payments are due annually on the 20th of November. The vehicles are pledged as collateral. In the event of default, the lessor may terminate the lease and give notice to vacate or surrender the project within 60 days from the date of such notice, take immediate possession of the project, recover from the county any lease payments for the period the county had possession of the project and for the remainder of the fiscal year in which the default occurs, sell or lease the project and hold the lessee liable for any amount not covered by sublease, and/or exercise any other right, remedy or privilege which may be available to it under the laws of the Commonwealth. As of June 30, 2024, the outstanding lease principal was \$81,335. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 25,976	\$ 4,313
2026	27,096	2,935
2027	<u>28,263</u>	<u>1,499</u>
Totals	<u>\$ 81,335</u>	<u>\$ 8,747</u>

5. Ambulance

The Ballard County Fiscal Court entered into a financing agreement dated June 24, 2024, in the amount of \$60,000 with the Kentucky Association of Counties Leasing Trust Program for the purchase of an ambulance for the ambulance Service. The maturity date of this agreement is July 20, 2026. Principal and interest payments are due monthly on the 20th of each month in variable amounts. The ambulance is pledged as collateral. In the event of default, the lessor may terminate the lease and give notice to vacate or surrender the project within 60 days from the date of such notice, take immediate possession of the project, recover from the county any lease payments for the period the county had possession of the project and for the remainder of the fiscal year in which the default occurs, sell or lease the project and hold lessee liable for any amount not covered by sublease, and/or exercise any other right, remedy or privilege which may be available to it under the laws of the Commonwealth. As of June 30, 2024, the outstanding principal was \$60,000. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 26,361	\$ 3,149
2026	30,970	1,223
2027	<u>2,669</u>	<u>14</u>
Totals	<u>\$ 60,000</u>	<u>\$ 4,386</u>

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Long-term Debt (Continued)

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2024, was as follows:

	(Restated*) Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements*	\$ 399,356	\$ 60,000	\$ 284,068	\$ 175,288	\$ 77,675
Total Long-term Debt	<u>\$ 399,356</u>	<u>\$ 60,000</u>	<u>\$ 284,068</u>	<u>\$ 175,288</u>	<u>\$ 77,675</u>

*The beginning balance was restated by \$70,049 (see note 7A #3)

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations on June 30, 2024, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2025	\$ 77,674	\$ 8,225
2026	66,682	4,219
2027	<u>30,932</u>	<u>1,513</u>
Totals	<u>\$ 175,288</u>	<u>\$ 13,957</u>

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

The county's contribution for FY 2022 was \$726,480, FY 2023 was \$735,062, and FY 2024 was \$745,233.

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 8. Employee Retirement System (Continued)

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 23.34%.

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%

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1 (Continued)

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn \$15 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 \$10 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 \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5%. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

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

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

C. Cost of Living Adjustments - Tier 1

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

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

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

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

E. Death Benefit

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

F. Annual Financial Report and Proportionate Share Audit Report

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

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

Note 9. Deferred Compensation

The Ballard 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. Health Reimbursement Account/Flexible Spending Account

The Ballard County Fiscal Court approved two plans to provide to employees an addition health benefit. The county has contracted with a third-party administrator to manage the plans. The Health Reimbursement Agreement (HRA) plan provides \$300 monthly to qualified employees who do not take the county health plan. The unused balance is forfeited at the end of the plan year. The Flexible Spending Arrangement (FSA) plan provides a debit card to each eligible employee providing \$2,000 per year to pay for qualified medical expenses. Employees can carry over \$500 each year with anything over being forfeited to the county. Employees leaving employment with the county have until the end of the month they left in which to use their FSA card. The balance in the plans as of June 30, 2024, was \$37,463.

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 11. Insurance

For the fiscal year ended June 30, 2024, the Ballard 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 12. Related Party Transactions

For the fiscal year ended June 30, 2024, the fiscal court engaged in a related party transaction that paid a company that is owned by a relative of the county judge/executive \$4,016 for lumber and supplies for the fiscal court.

Note 13. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2024, was added to the General Fund cash balance for financial reporting purposes.

Note 14. Subsequent Event

In August 2024, the Ballard County Fiscal Court entered into a General Obligation Bond Anticipation Note, Series 2024, in the amount of \$495,000 to repair several bridges within the county.

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BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,725,650	\$ 2,947,019	\$ 2,904,709	\$ (42,310)
In Lieu Tax Payments	8,500	11,024	11,024	
Excess Fees	6,000	39,585	40,657	1,072
Licenses and Permits	11,000	12,960	11,931	(1,029)
Intergovernmental	265,880	356,548	104,818	(251,730)
Charges for Services	12,000	12,000	12,000	
Miscellaneous	6,000	18,976	62,826	43,850
Interest	13,000	43,371	57,112	13,741
Total Receipts	3,048,030	3,441,483	3,205,077	(236,406)
DISBURSEMENTS				
General Government	1,320,690	1,369,332	1,144,274	225,058
Protection to Persons and Property	20,200	21,900	21,882	18
Social Services	7,500	7,500		7,500
Debt Service	30,385	30,385	30,385	
Administration	1,117,867	1,245,807	779,313	466,494
Total Disbursements	2,496,642	2,674,924	1,975,854	699,070
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	551,388	766,559	1,229,223	462,664
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	30,385	30,385	200,000	169,615
Transfers From Other Funds			686,090	686,090
Transfers To Other Funds	(1,546,773)	(1,546,773)	(2,145,746)	(598,973)
Total Other Adjustments to Cash (Uses)	(1,516,388)	(1,516,388)	(1,259,656)	256,732
Net Change in Fund Balance	(965,000)	(749,829)	(30,433)	719,396
Fund Balance - Beginning	965,000	1,049,829	1,049,829	
Fund Balance - Ending	\$ 0	\$ 300,000	\$ 1,019,396	\$ 719,396

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,684,414	\$ 1,739,401	\$ 1,598,424	\$ (140,977)
Miscellaneous	17,500	52,786	54,632	1,846
Interest	500	2,286	2,328	42
Total Receipts	1,702,414	1,794,473	1,655,384	(139,089)
DISBURSEMENTS				
Roads	2,917,701	2,970,625	1,715,276	1,255,349
Debt Service	59,000	60,857	240,650	(179,793)
Administration	208,750	246,359	213,184	33,175
Total Disbursements	3,185,451	3,277,841	2,169,110	1,108,731
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,483,037)	(1,483,368)	(513,726)	969,642
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	171,086	171,086	879,175	708,089
Transfers To Other Funds			(355,260)	(355,260)
Total Other Adjustments to Cash (Uses)	171,086	171,086	523,915	352,829
Net Change in Fund Balance	(1,311,951)	(1,312,282)	10,189	1,322,471
Fund Balance - Beginning	1,311,951	1,312,282	331	(1,311,951)
Fund Balance - Ending	\$ 0	\$ 0	\$ 10,520	\$ 10,520

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 739,250	\$ 1,174,089	\$ 1,412,900	\$ 238,811
Charges for Services	43,000	46,111	37,209	(8,902)
Miscellaneous	50,000	65,982	88,686	22,704
Interest	100	320	456	136
Total Receipts	832,350	1,286,502	1,539,251	252,749
DISBURSEMENTS				
Protection to Persons and Property	1,146,572	1,486,814	1,410,398	76,416
Capital Projects		26,625	26,625	
Administration	302,575	415,727	304,800	110,927
Total Disbursements	1,449,147	1,929,166	1,741,823	187,343
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(616,797)	(642,664)	(202,572)	440,092
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	616,797	616,797	280,122	(336,675)
Transfers To Other Funds			(270)	(270)
Total Other Adjustments to Cash (Uses)	616,797	616,797	279,852	(336,945)
Net Change in Fund Balance		(25,867)	77,280	103,147
Fund Balance - Beginning		25,867	25,867	
Fund Balance - Ending	\$ 0	\$ 0	\$ 103,147	\$ 103,147

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 935	\$ (1,065)
Charges for Services	2,500	2,500	3,050	550
Miscellaneous	1,000	1,000		(1,000)
Interest	5	5	4	(1)
Total Receipts	5,505	5,505	3,989	(1,516)
DISBURSEMENTS				
General Health and Sanitation	35,330	34,203	28,302	5,901
Administration	2,175	3,420	3,379	41
Total Disbursements	37,505	37,623	31,681	5,942
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(32,000)	(32,118)	(27,692)	4,426
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	32,000	32,000	27,728	(4,272)
Total Other Adjustments to Cash (Uses)	32,000	32,000	27,728	(4,272)
Net Change in Fund Balance		(118)	36	154
Fund Balance - Beginning		118	118	
Fund Balance - Ending	\$ 0	\$ 0	\$ 154	\$ 154

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
RECEIPTS			
Intergovernmental	\$	\$ 272,490	\$ 272,490
Total Receipts		272,490	272,490
DISBURSEMENTS			
Administration		586,095	586,095
Total Disbursements		586,095	586,095
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(313,605)	(313,605)
Net Change in Fund Balance		(313,605)	(313,605)
Fund Balance - Beginning		313,605	313,605
Fund Balance - Ending	\$ 0	\$ 0	\$ 0

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	DES FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 11,000	\$ 11,330	\$ 14,380	\$ 3,050
Charges for Services		3,375	3,375	
Miscellaneous	1,000	1,370	370	(1,000)
Interest	100	100	24	(76)
Total Receipts	12,100	16,175	18,149	1,974
DISBURSEMENTS				
Protection to Persons and Property	55,660	77,492	74,567	2,925
Administration	15,091	17,342	14,295	3,047
Total Disbursements	70,751	94,834	88,862	5,972
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(58,651)	(78,659)	(70,713)	7,946
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	58,651	58,651	70,707	12,056
Total Other Adjustments to Cash (Uses)	58,651	58,651	70,707	12,056
Net Change in Fund Balance		(20,008)	(6)	20,002
Fund Balance - Beginning		8	8	
Fund Balance - Ending	\$ 0	\$ (20,000)	\$ 2	\$ 20,002

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

AMBULANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 435,000	\$ 435,000	\$ 414,758	\$ (20,242)
Intergovernmental	10,000	10,000	10,000	
Charges for Services	472,000	473,013	359,655	(113,358)
Miscellaneous	2,000	122,185	132,515	10,330
Interest	2,000	3,955	5,577	1,622
Total Receipts	921,000	1,044,153	922,505	(121,648)
DISBURSEMENTS				
Protection to Persons and Property	808,540	1,295,568	1,279,630	15,938
Debt Service	40,000	26,585	26,199	386
Administration	244,000	250,499	211,417	39,082
Total Disbursements	1,092,540	1,572,652	1,517,246	55,406
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(171,540)	(528,499)	(594,741)	(66,242)
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			60,000	60,000
Transfers From Other Funds	71,540	71,540	398,188	326,648
Total Other Adjustments to Cash (Uses)	71,540	71,540	458,188	386,648
Net Change in Fund Balance	(100,000)	(456,959)	(136,553)	320,406
Fund Balance - Beginning	100,000	176,959	176,959	
Fund Balance - Ending	\$ 0	\$ (280,000)	\$ 40,406	\$ 320,406

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

SOLID WASTE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 400	\$ 400	\$ 100	\$ (300)
Intergovernmental	30,000	30,000	22,996	(7,004)
Charges for Services	75,000	75,000	82,982	7,982
Miscellaneous	21,000	22,078	25,186	3,108
Interest	50	67	73	6
Total Receipts	126,450	127,545	131,337	3,792
DISBURSEMENTS				
Protection to Persons and Property	292,519	343,425	326,393	17,032
Administration	61,700	48,376	43,583	4,793
Total Disbursements	354,219	391,801	369,976	21,825
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(227,769)	(264,256)	(238,639)	25,617
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	227,769	227,769	203,299	(24,470)
Total Other Adjustments to Cash (Uses)	227,769	227,769	203,299	(24,470)
Net Change in Fund Balance		(36,487)	(35,340)	1,147
Fund Balance - Beginning		36,487	36,487	
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,147	\$ 1,147

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

CDBG GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
RECEIPTS			
Interest	\$ 1	\$ 1	\$ (1)
Total Receipts	1	1	(1)
DISBURSEMENTS			
Administration	26	28	28
Total Disbursements	26	28	28
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(25)	(27)	27
Net Change in Fund Balance	(25)	(27)	27
Fund Balance - Beginning	25	27	27
Fund Balance - Ending	\$ 0	\$ 0	\$ 27

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

911 FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 27,050	\$ 35,378	\$ 40,554	\$ 5,176
Interest	20	20	22	2
Total Receipts	27,070	35,398	40,576	5,178
DISBURSEMENTS				
Protection to Persons and Property	258,000	274,810	238,627	36,183
Administration	113,000	104,895	74,661	30,234
Total Disbursements	371,000	379,705	313,288	66,417
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(343,930)	(344,307)	(272,712)	71,595
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	343,930	343,930	272,342	(71,588)
Total Other Adjustments to Cash (Uses)	343,930	343,930	272,342	(71,588)
Net Change in Fund Balance		(377)	(370)	7
Fund Balance - Beginning		377	377	
Fund Balance - Ending	\$ 0	\$ 0	\$ 7	\$ 7

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

HOMELAND SECURITY GRANTS FUND			
	Budgeted Amounts		Variance with
	Original	Final	Actual Amounts, (Budgetary Basis) Final Budget Positive (Negative)
RECEIPTS			
Total Receipts	\$	\$	\$
DISBURSEMENTS			
Total Disbursements			
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

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

CLERK PERMANENT STORAGE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 12,780	\$ (2,220)
Interest	50	50	58	8
Total Receipts	15,050	15,050	12,838	(2,212)
DISBURSEMENTS				
General Government	22,050	22,050	10,469	11,581
Total Disbursements	22,050	22,050	10,469	11,581
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(7,000)	(7,000)	2,369	9,369
Net Change in Fund Balance	(7,000)	(7,000)	2,369	9,369
Fund Balance - Beginning	7,000	7,000	4,401	(2,599)
Fund Balance - Ending	\$ 0	\$ 0	\$ 6,770	\$ 6,770

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

OPIOID SETTLEMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 50,000	\$ 61,273	\$ 61,273	\$
Interest	100	100	117	17
Total Receipts	50,100	61,373	61,390	17
DISBURSEMENTS				
Protection to Persons and Property	109,100	120,373	32,404	87,969
Total Disbursements	109,100	120,373	32,404	87,969
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(59,000)	(59,000)	28,986	87,986
Net Change in Fund Balance	(59,000)	(59,000)	28,986	87,986
Fund Balance - Beginning	59,000	59,000	58,986	(14)
Fund Balance - Ending	\$ 0	\$ 0	\$ 87,972	\$ 87,972

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ARPA FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 50,000	\$
Interest	10,000	10,000	1,282	(8,718)
Total Receipts	60,000	60,000	51,282	(8,718)
DISBURSEMENTS				
Administration	660,000	660,000	203,593	456,407
Total Disbursements	660,000	660,000	203,593	456,407
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(600,000)	(600,000)	(152,311)	447,689
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(336,876)	(336,876)
Total Other Adjustments to Cash (Uses)			(336,876)	(336,876)
Net Change in Fund Balance	(600,000)	(600,000)	(489,187)	110,813
Fund Balance - Beginning	600,000	600,000	489,190	(110,810)
Fund Balance - Ending	\$ 0	\$ 0	\$ 3	\$ 3

BALLARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

COURTHOUSE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 148,000	\$ 154,543	\$ 154,543	\$
Miscellaneous	10,200	10,200	7,067	(3,133)
Interest	100	113	136	23
Total Receipts	158,300	164,856	161,746	(3,110)
DISBURSEMENTS				
General Government	183,300	201,817	192,326	9,491
Capital Projects	20,000	7,500		7,500
Administration		539		539
Total Disbursements	203,300	209,856	192,326	17,530
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(45,000)	(45,000)	(30,580)	14,420
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	25,000	25,000	20,501	(4,499)
Total Other Adjustments to Cash (Uses)	25,000	25,000	20,501	(4,499)
Net Change in Fund Balance	(20,000)	(20,000)	(10,079)	9,921
Fund Balance - Beginning	20,000	20,000	15,434	(4,566)
Fund Balance - Ending	\$ 0	\$ 0	\$ 5,355	\$ 5,355

BALLARD COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2024

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. Reconciliation of the General Fund

Total Other Adjustments to Cash (Uses) - Budgetary Basis	\$(1,259,656)
To adjust for change in Payroll Revolving Account	<u>(3,622)</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u><u>\$(1,263,278)</u></u>
Fund Balance - Ending - Budgetary Basis	\$ 1,019,396
To adjust for change in Payroll Revolving Account	<u>53,458</u>
Total Fund Balance - Ending - Regulatory Basis	<u><u>\$ 1,072,854</u></u>

Note 3. Excess of Disbursements Over Appropriations

The road fund, debt service line-item, exceeded budgeted appropriations by \$179,793.

BALLARD COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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BALLARD COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	(Restated*) Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 221,845	\$ 20,000	\$ 57,845	\$ 184,000
Construction In Progress	425,000		425,000	
Buildings	6,146,728	3,140,440	150,000	9,137,168
Vehicles and Equipment*	3,921,490	1,101,649	595,504	4,427,635
Infrastructure	5,382,893	2,230,026		7,612,919
Total Capital Assets	<u>\$ 16,097,956</u>	<u>\$ 6,492,115</u>	<u>\$ 1,228,349</u>	<u>\$ 21,361,722</u>

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

June 30, 2024

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	\$ 25,000	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 25,000	1-10
Infrastructure	\$ 25,000	10-30

Note 2. Restated Beginning Balance Of Capital Assets

The beginning balance of the vehicle and equipment was increased by \$7,500 due to a prior year misstatement.

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Todd Cooper, Ballard County Judge/Executive
Members of the Ballard 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 Ballard County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Ballard County Fiscal Court's financial statement and have issued our report thereon dated February 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Ballard 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 Ballard County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ballard 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 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 Responses as items 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005 to be material weaknesses.



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

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Ballard 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 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 Responses as items 2024-002 and 2024-003

Views of Responsible Officials and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Ballard County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

February 26, 2025

BALLARD COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2024

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**BALLARD COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS:

2024-001 The Ballard County Fiscal Court's Financial Statement Was Materially Misstated

The Ballard County Fiscal Court's financial statement was materially overstated. The fiscal court reported a beginning balance of \$1,312,282 in the Road Fund when the actual beginning balance was \$331; therefore, the beginning balance was overstated by \$1,311,951. In addition, the fiscal court made a \$188,049 payment on a line of credit debt that was not included on the financial statements.

According to the former treasurer, the balance of the line of credit was included in the beginning balance of the Road Fund. Due to the posting errors, the Fourth Quarter Financial Statement submitted to the Department for Local Government was materially misstated, and end users were not able to verify amounts that were paid to or received from the fiscal court's office. Additionally, because the fiscal court did not record the debt payments paid on the line of credit, the budgeted appropriations for debt service of the Road Fund were overspent.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Oversight of financial reporting is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the fiscal court strengthen internal controls over financial reporting by ensuring that the beginning fund balances are accurate and all debt service activity is included on the financial reports.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This was an accounting error made that was not caught until the audit. It has been corrected as of December 2024.

2024-002 The Ballard County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Materially Misstated

The Ballard County Fiscal Court's Schedule of Expenditures of Federal Awards (SEFA) for the fiscal year ended June 30, 2024, was misstated by \$336,876. The county reported \$226,253 of federal expenditures; however, this did not include \$336,876 of transfers from the ARPA fund. According to the former treasurer, the transfers from the ARPA funds were not included on the SEFA due to an oversight. Due to these errors, the SEFA submitted to the Department for Local Government was incomplete and inaccurate. The fiscal court would not realize a single audit may be necessary.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to prepare an accurate Schedule of Expenditures of Federal Awards and submit with the Fourth Quarter Report to the Department for Local Government.

BALLARD COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-002 The Ballard County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Materially Misstated (Continued)

Additionally, 2 CFR 200.508(b), governing federal awards, requires the auditee to "[p]repare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with 200.510." 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."

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Oversight over financial reporting is vital in ensuring that federal awards expended are properly accounted for and accurately reported.

We recommend the fiscal court ensure the SEFA is complete and accurately prepared for each fiscal year that federal monies are expended.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This was ARPA funding. This error was identified during audit and has been corrected.

2024-003 The Ballard County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance

During fiscal year 2024, the Ballard County Fiscal Court had internal control deficiencies and noncompliances regarding disbursements. The following findings were noted with Ballard County Fiscal Court's disbursements:

- Forty out of 69 invoices tested had purchase orders that were issued after the expense had already been incurred. These 40 invoices totaled \$1,822,911.
- Four invoices totaling \$622,775 were not paid within 30 working days of receipt.
- Three invoices totaling \$4,694 were not coded with the correct minor account codes.
- One invoice totaling \$268 was paid to the vendor twice.
- The county did not adhere to bidding requirements for the procurement of five purchases. The amount paid to each vendor exceeded \$30,000.

The fiscal court failed to establish appropriate controls over disbursements. The fiscal court was not aware sole source purchases should be bid out in accordance with their administrative policy. These control deficiencies could result in line-items being over budget, claims being paid that are not valid obligations of the fiscal court, inaccurate reporting, and misappropriation of assets. Also, the Ballard County Fiscal Court was not in compliance with the county's competitive bidding requirements, which increases the risk that the county did not get the best price for the goods and services purchased.

BALLARD COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-003 The Ballard County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance (Continued)

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual* which requires a purchase order system for all counties and each county is responsible for ensuring their purchase order system is executed and working properly.

According to a memorandum from the DLG dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*". Furthermore, DLG highly recommends that counties accept the practice of issuing purchase orders for payroll and utility claims.

In addition, the Ballard County Fiscal Court's Administrative Code states, "[a]ny expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than thirty thousand dollars (\$30,000) shall be subject to competitive bidding."

KRS 65.140(2), states, in part, "all bills for goods or services shall be paid within thirty (30) working days of receipts of a vendor's invoice[.]"

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." An effective purchase order system is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Moreover, implementation of strong internal controls over disbursements is necessary to prevent misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court.

We recommend the fiscal court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made. We also recommend the fiscal court comply with bidding requirements outlined by the county's administrative code and pay invoices within 30 working days of receipt in accordance with KRS 65.140(2). Lastly, we recommend the fiscal court ensure all invoices are coded accurately.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is a repeat finding year after year. Our p.o. system was put in place after the 2014 audit. We have taken tremendous steps to correct our p.o. system for more accountability, including department heads meetings and in house meetings. We made errors in the p.o. system again for FYE 2024. This is a work in progress and we have taken corrective action and should not be a finding in FYE 2025.

BALLARD COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-004 The Ballard County Fiscal Court Failed To Implement Sufficient Internal Controls Over Their Service Organization's Collection Of Ambulance Receipts

The fiscal court failed to oversee the ambulance billing service organization that handles all of the billing and receipt collections for the Ballard County Ambulance Service. In fiscal year ending June 30, 2024, the amount of ambulance receipts reported on the quarterly report was \$332,962. The following findings were noted with the collection of receipts at the service organization:

- The county does not review the service organization's billing and collections to ensure all the Ballard County Ambulance Service runs and collections are accounted for properly. There was inadequate documentation of the review of internal controls implemented at the service organization. The service organization did not have a Service Organization Control (SOC) Report. A SOC 1 Report focuses on controls at the service organization that would be useful to user entities and their auditors for the purpose of planning a financial statement audit of the user entity and evaluating internal control over financial reporting at the user entity.
- The fiscal court had minimal oversight and control over the collection of ambulance receipts process. Although the service organization sent a month end report to the fiscal court that documented payment received amounts, the fiscal court was not able to determine if all amounts intended for the fiscal court were actually collected and deposited since the total amount of ambulance runs and corresponding charges were not presented to the fiscal court. Because of the lack of detail in the service organization reports, the fiscal court was unable to verify the amount of ambulance revenue due to it.

The findings listed above are due to the lack of effective internal controls. Because of the lack of adequate internal controls over service organization activities, the ambulance billing receipts were left vulnerable to misappropriation and loss.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Oversight over the collection of receipts is a basic internal control necessary to ensure that receipts are accounted for properly and to safeguard the county's assets and those given the responsibility of accounting for them, as well as helping to make certain the county complies with state statutes.

We recommend the fiscal court strengthen internal controls regarding the ambulance service's service organization.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: I am not in total agreement with this finding. We closely monitor monthly revenues. We have had our EMS staff trained to better code reports for better revenue collection from insurance/Medicaid. We used an out of state billing service, from 2022 until 2024. We did not know the service had let our Medicaid certification expire, resulting in less payments, until August 2024. Due to procuring a new billing service in the last quarter of 2024, we held the last quarter calls/runs for billing, then submitted after July 1, 2024 when we switched to the new billing service as of July 1, 2024. The revenues declined in the last quarter but were "caught up" in the first quarter of FYE 2025. [Employee name redacted] has built a relationship with AMB staff. We continue to closely monitor out monthly revenue since the 2014, 15 audits. This is a work in progress.

BALLARD COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-004 The Ballard County Fiscal Court Failed To Implement Sufficient Internal Controls Over Their Service Organization's Collection Of Ambulance Receipts (Continued)

Auditor's Reply: The Ballard County Fiscal Court lacked adequate documentation of internal controls over ambulance billings. Additionally, the lack of controls allowed the ambulance's Medicaid certification to expire and caused a reduction in ambulance revenues received by Ballard County.

2024-005 The Ballard County Jail Lacks Adequate Segregation Of Duties Over Inmate And Canteen Operations

This is a repeat finding was included in the prior year audit report as finding 2023-002. The Ballard County Jail lacks adequate segregation of duties over inmate and canteen operations due to the bookkeeper performing most financial duties at the jail with minimal oversight. According to the jailer, due to the number of office staff and a limited budget, the jail has limited options for establishing a proper segregation of duties. A lack of segregation of duties increases the risk of error or fraud occurring and not being detected, which could result in the misappropriation of assets and/or inaccurate financial reporting.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

Segregation of duties or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. A good internal control system consists of requiring certain accounting functions to be performed by different employees to provide reasonable assurance that the financial activity is properly accounted for and accurately reported.

We recommend the Ballard County Jail segregate duties to the extent possible. If financial duties cannot be separated, the jailer should implement review procedures to provide strong oversight of the employee or employees responsible for these duties.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: The Ballard County Detention Center will be implementing a system to better comply with segregation of duties, we will have the necessary changes needed in place by April 1.

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

BALLARD COUNTY FISCAL COURT

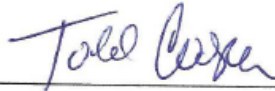
For The Year Ended June 30, 2024

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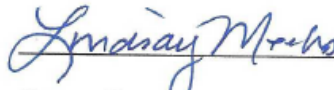
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Ballard 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, appearing to read "Todd Cooper", written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, appearing to read "Lindsay Marks", written over a horizontal line.

County Treasurer