

**REPORT OF THE AUDIT OF THE  
CLARK 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 R.J. Palmer, Clark County Judge/Executive  
The Honorable Les Yates, Former Clark County Judge/Executive  
Members of the Clark 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 Clark County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Clark 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 Clark 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 Clark 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 Clark 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 Clark 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***

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

To the People of Kentucky  
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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 Clark 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***

***Budgetary Comparison Schedules***

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

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

**Other Matters Related to the Schedule of Expenditures of Federal Awards**

In conducting the procedures referred to above, we obtain an understanding of the county's internal control over financial reporting and determined whether the form and content of the supplementary information comply with the applicable criteria, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control or compliance related to the Schedule of Expenditures of Federal Awards. As a result, we express no opinion on the effectiveness of the county's internal control or compliance related to the Schedule of Expenditures of Federal Awards. However, we identified a deficiency in internal controls related to the Schedule of Expenditures of Federal Awards that we are required to report as a material weakness in internal control over financial reporting. This deficiency is described in the accompanying Schedule of Findings and Questioned Costs as finding 2024-004 The Clark County Fiscal Court Failed To Prepare And Submit An Accurate And Timely Schedule Of Expenditures Of Federal Awards (SEFA) To The Department For Local Government.

To the People of Kentucky  
 The Honorable Andy Beshear, Governor  
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 Members of the Clark County Fiscal Court

### ***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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025, on our consideration of the Clark 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 Clark County Fiscal Court's internal control over financial reporting and compliance.

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

- 2024-001 The Clark County Fiscal Court Failed To Implement Proper Internal Controls Over Disbursements
- 2024-002 The Clark County Fiscal Court Failed To Implement Proper Internal Controls Over Payroll
- 2024-003 The Clark County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash And Receipts
- 2024-004 The Clark County Fiscal Court Failed To Prepare And Submit An Accurate And Timely Schedule Of Expenditures Of Federal Awards (SEFA) To The Department For Local Government
- 2024-005 The Clark County Fiscal Court Fourth Quarter Report Was Materially Misstated
- 2024-006 The Clark County Fiscal Court Did Not Maintain Adequate Internal Controls Over Revolving Accounts
- 2024-007 The Clark County Fiscal Court Lacks Adequate Internal Controls Over Federal Program Administration And Reporting

Respectfully submitted,



Allison Ball  
 Auditor of Public Accounts  
 Frankfort, Ky

October 29, 2025

**CLARK COUNTY OFFICIALS**  
**For The Year Ended June 30, 2024**

**Fiscal Court Members:**

Les Yates	County Judge/Executive
Daniel Konstantopoulos	Magistrate
Ernest Pasley	Magistrate
Steve Craycraft	Magistrate
Mark Miller	Magistrate
Christopher Davis	Magistrate
Robert Blanton	Magistrate

**Other Elected Officials:**

William Elkins	County Attorney
Frank Doyle	Jailer
Michelle Turner	County Clerk
Martha M. Miller	Circuit Court Clerk
Berl Perdue	Sheriff
Jada Brady	Property Valuation Administrator
Neal Oliver	Coroner

**Appointed Personnel:**

Mary McLemore	County Treasurer
Fran Howard	Chief Financial Officer
Mary Blevins	Director of Finance/Asst. Treasurer

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

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

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

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

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 10,500,351	\$	\$
In Lieu Tax Payments	28,143		
Excess Fees	164,848		
Licenses and Permits	76,232		
Intergovernmental	1,883,707	1,786,967	2,024,151
Charges for Services	63,963	12,787	89,299
Miscellaneous	824,370	20,539	186,966
Interest	11,523	2,956	757
Total Receipts	<u>13,553,137</u>	<u>1,823,249</u>	<u>2,301,173</u>
<b>DISBURSEMENTS</b>			
General Government	2,655,773		
Protection to Persons and Property	4,872,262		3,433,453
General Health and Sanitation	753,096		
Social Services	690,600		
Recreation and Culture	413,740		
Roads		2,134,282	
Debt Service	534,794	160,326	174,842
Capital Projects			
Administration	2,752,545	185,498	682,632
Total Disbursements	<u>12,672,810</u>	<u>2,480,106</u>	<u>4,290,927</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>880,327</u>	<u>(656,857)</u>	<u>(1,989,754)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Payroll Revolving Account	(8,962)		
Transfers From Other Funds	3,374,600	748,333	2,150,000
Transfers To Other Funds	<u>(2,898,333)</u>		
Total Other Adjustments to Cash (Uses)	<u>467,305</u>	<u>748,333</u>	<u>2,150,000</u>
Net Change in Fund Balance	1,347,632	91,476	160,246
Fund Balance - Beginning	<u>1,213,991</u>	<u>149,415</u>	<u>1,701</u>
Fund Balance - Ending	<u>\$ 2,561,623</u>	<u>\$ 240,891</u>	<u>\$ 161,947</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 2,674,681	\$ 251,582	\$ 285,460
Less: Outstanding Checks	(258,201)	(10,691)	(123,513)
Revolving Account Balances	<u>145,143</u>		
Fund Balance - Ending	<u>\$ 2,561,623</u>	<u>\$ 240,891</u>	<u>\$ 161,947</u>

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

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

<b>Budgeted Funds</b>						
<b>Local Government Economic Assistance Fund</b>	<b>State Grant Fund</b>	<b>Federal Grant Fund</b>	<b>Alcoholic Beverage Control Fund</b>	<b>Document Fees Fund</b>	<b>Opioid Abatement Fund</b>	<b>Special Reserve Fund</b>
\$	\$	\$	\$	\$	\$	\$
			6,565			
				57,970	293,454	222,462
636	19	17,562	177	84	2,249	2,292
636	19	17,562	6,742	58,054	295,703	224,754
		47,003	6,124			
						7,775
					48,000	108,871
		6,400				
		53,403	6,124		48,000	116,646
636	19	(35,841)	618	58,054	247,703	108,108
		(2,826,600)				(548,000)
		(2,826,600)				(548,000)
636	19	(2,862,441)	618	58,054	247,703	(439,892)
97,401	2,890	3,798,749	27,828	54,727	283,353	703,120
\$ 98,037	\$ 2,909	\$ 936,308	\$ 28,446	\$ 112,781	\$ 531,056	\$ 263,228
\$ 98,037	\$ 2,909	\$ 936,308	\$ 28,446	\$ 112,781	\$ 531,056	\$ 268,331 (5,103)
\$ 98,037	\$ 2,909	\$ 936,308	\$ 28,446	\$ 112,781	\$ 531,056	\$ 263,228

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

**CLARK 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>
<b>RECEIPTS</b>		
Taxes	\$	\$ 10,500,351
In Lieu Tax Payments		28,143
Excess Fees		164,848
Licenses and Permits		82,797
Intergovernmental		5,694,825
Charges for Services		166,049
Miscellaneous	156,187	1,761,948
Interest		38,255
Total Receipts	<u>156,187</u>	<u>18,437,216</u>
<b>DISBURSEMENTS</b>		
General Government		2,708,900
Protection to Persons and Property		8,305,715
General Health and Sanitation		760,871
Social Services		738,600
Recreation and Culture	173,974	696,585
Roads		2,134,282
Debt Service		869,962
Capital Projects		6,400
Administration		3,620,675
Total Disbursements	<u>173,974</u>	<u>19,841,990</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(17,787)</u>	<u>(1,404,774)</u>
<b>Other Adjustments to Cash (Uses)</b>		
Payroll Revolving Account		(8,962)
Transfers From Other Funds		6,272,933
Transfers To Other Funds		(6,272,933)
Total Other Adjustments to Cash (Uses)		<u>(8,962)</u>
Net Change in Fund Balance	(17,787)	(1,413,736)
Fund Balance - Beginning	95,345	6,428,520
Fund Balance - Ending	<u>\$ 77,558</u>	<u>\$ 5,014,784</u>
<b>Composition of Fund Balance</b>		
Bank Balance	\$ 77,977	\$ 5,267,568
Less: Outstanding Checks	(419)	(397,927)
Revolving Account Balances		145,143
Fund Balance - Ending	<u>\$ 77,558</u>	<u>\$ 5,014,784</u>

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

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**CLARK COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2024**

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

**A. Reporting Entity**

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

**CLARK 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.

State Grant Fund - The primary purpose of this fund is to account for state grant expenses of the county. The primary sources of receipts for this fund are from the state.

Federal Grant Fund - The primary purpose of this fund is to account for federal grant expenses of the county. The primary sources of receipts for this fund are federal grants.

Alcoholic Beverage Control (ABC) Fund - The primary purpose of this fund is to account for money received for alcoholic beverage licenses by the county.

Documents Fees Fund - The primary purpose of this fund is to account for document fees received by the county clerk and disbursed to the county treasurer to be held in a fund for the county clerk's use and the county to disburse on the county clerk's behalf.

Opioid Abatement Fund - The primary purpose of this fund is to account for opioid settlement receipts and disbursements. The primary source of these funds is from the opioid settlement from the state.

Special Reserve Fund - The primary purpose of this fund is to account for money that is held for special purposes designated by the county.

**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.

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

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

**D. Budgetary Information (Continued)**

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

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. Clark County Elected Officials**

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

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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

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

**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 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.

**Note 3. Transfers**

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

	General Fund	Federal Grant Fund	Special Reserve Fund	Total Transfers In
General Fund	\$	\$ 2,826,600	\$ 548,000	\$ 3,374,600
Road Fund	748,333			748,333
Jail Fund	2,150,000			2,150,000
Total Transfers Out	<u>\$ 2,898,333</u>	<u>\$ 2,826,600</u>	<u>\$ 548,000</u>	<u>\$ 6,272,933</u>

Reason for transfers:

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

**Note 4. Custodial Funds**

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2024 was \$195,782.

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

**Note 5. Leases**

**1. Lessor**

The Clark County Fiscal Court is party to an operating lease agreement as lessor for the provision of parking spaces. The Clark County Fiscal Court recognized \$6,120 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the Clark County Fiscal Court's receivable for this agreement was \$12,240.

**2. Lessee**

**A. Office Space**

The Clark County Fiscal Court is party to an operating lease agreement as lessee for the provision of office space. The Clark County Fiscal Court recognized \$18,425 in lease expenses during the current fiscal year related to this lease. As of June 30, 2024, the value of the lease liability for this agreement was as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 20,100
2026	20,100
2027	20,100
2028	<u>1,675</u>
Total Minimum Lease Payments	<u>\$ 61,975</u>

**B. Office Equipment**

The Clark County Fiscal Court is party to multiple operating lease agreements as lessee for the provision of office equipment. The Clark County Fiscal Court recognized \$6,929 in lease expenses during the current fiscal year related to these leases. As of June 30, 2024, the value of the lease liability for these agreements was as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 7,536
2026	6,822
2027	<u>4,292</u>
Total Minimum Lease Payments	<u>\$ 18,650</u>

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

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. 2020 Series Refinance Parking Lot and Fire Truck**

On November 10, 2020, the Clark County Fiscal Court entered into a lease agreement to finance the parking lot and fire truck lease agreements. In the event of default, KACo will have all rights and remedies available under applicable law. In addition, they may declare all lease payments due or to become due during the fiscal year in which the event of default occurs to be immediately due and payable and/or they may repossess property, or in the event of failure to do so within ten days after receipt of such notice, and subject to all applicable laws. The principal amount of the lease was \$408,750. The agreement requires semiannual payments for five years to be paid in full on December 20, 2035. As of June 30, 2024, the principal amount outstanding was \$150,000. Payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 85,000	\$ 8,833
2026	65,000	3,353
Totals	<u>\$ 150,000</u>	<u>\$ 12,186</u>

**2. Financing Obligation – Revenue Bonds, Series 2017E**

On November 15, 2017, the Clark County Fiscal Court obtained financing through KACo Program Revenue Bonds, 2017E to finance the replacement and remodel of the courthouse bell tower, to purchase fire department equipment, and to purchase road department equipment. Each purpose of the fund usage is broken down into three separate payment schedules. The bell tower payments are semi-annual with payments being due on the 20th of the months of June and December each year until the final payment that is scheduled on December 20, 2037. The fire equipment and road equipment payments are semi-annual with payments being due on the 20th of the months of June and December each year until the final payment that is scheduled on December 20, 2027. The effective interest rate is 5.368 percent. In the case of default, the payments become due immediately and legal action may be pursued. The total principal balance was \$565,000 as of June 30, 2024. Future principal and interest are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 20,000	\$ 15,717
2026	20,000	14,668
2027	25,000	13,493
2028	25,000	12,180
2029	25,000	10,992
2030-2034	140,000	39,355
2035-2038	<u>130,000</u>	<u>12,206</u>
Totals	<u>\$ 385,000</u>	<u>\$ 118,611</u>

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

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**2. Financing Obligation – Revenue Bonds, Series 2017E (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 18,197	\$ 3,844
2026	20,472	2,832
2027	20,472	1,757
2028	22,747	626
Totals	<u>\$ 81,888</u>	<u>\$ 9,059</u>

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 21,803	\$ 4,606
2026	24,528	3,393
2027	24,528	2,105
2028	27,253	749
Totals	<u>\$ 98,112</u>	<u>\$ 10,853</u>

**3. Dump Trucks**

The Clark County Fiscal Court entered into an agreement on October 16, 2020, with National Cooperative Leasing to finance the purchase of two dump trucks for the road department. The amount of the agreement was \$292,355 and the interest rate was fixed at 2.99 percent. Principal and interest payments are due annually, to be paid in full in May 2025. In the case of default, the payments become due immediately and the assets are held as collateral. Principal outstanding as of June 30, 2024, was \$61,082. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 61,081	\$ 1,826
Totals	<u>\$ 61,081</u>	<u>\$ 1,826</u>

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

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**4. Dump Truck**

The Clark County Fiscal Court entered into an agreement on June 15, 2019, with National Cooperative Leasing to finance the purchase of a dump truck for the road department. The amount of the agreement was \$130,771 and the interest rate was fixed at 4.32 percent. Principal and interest payments are due annually, to be paid in full in June 2024. In the case of default, the payments become due immediately and the asset is held as collateral. Principal outstanding as of June 20, 2024, was paid in full.

**5. Boilers**

The Clark County Fiscal Court entered into a lease agreement on April 18, 2017, with KACoLT to finance the purchase and replacement of boilers at the detention center. The amount of the agreement was \$142,660 and the interest rate was fixed at 3.828 percent. Principal and interest payments are due monthly, to be paid in full in June 2024. In the case of default, the payments become due immediately and legal action may be pursued. Principal outstanding as of June 30, 2024, was paid in full.

**6. Fire Truck**

The Clark County Fiscal Court entered into a lease agreement on September 29, 2021, with KACoLT to purchase a fire truck. The amount of the agreement was \$560,000 and the interest rate was fixed at 1.02 percent. Principal and interest payments are due semi-annually, to be paid in full in December 2028. In the case of default, the payments become due immediately and the asset is held as collateral. Principal outstanding as of June 30, 2024, was \$400,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 70,000	\$ 15,213
2026	75,000	12,312
2027	80,000	9,213
2028	80,000	6,013
2029	95,000	2,206
Totals	<u>\$ 400,000</u>	<u>\$ 44,957</u>

**7. Sheriff Vehicles**

In April 19, 2022, the Clark County Fiscal Court entered into a lease agreement with KACoLT in the amount of \$280,000 to purchase sheriff vehicles. Principal and interest payments are due monthly at a rate of 3.30 percent, to be paid in full in April 2025. In the case of default, the payments become due immediately and the asset is held as collateral. Principal outstanding as of June 30, 2024, was \$80,048. Future principal and interest requirements are as follows:

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

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**7. Sheriff Vehicles (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 80,048	\$ 1,215
Totals	<u>\$ 80,048</u>	<u>\$ 1,215</u>

**8. Fire Truck**

The Clark County Fiscal Court entered into a lease agreement on June 20, 2022, with KACoLT to purchase a fire truck. The amount of the agreement was \$700,000 and the interest rate was fixed at 4.6675 percent. Principal and interest payments are due monthly, to be paid in full in June 2032. In the case of default, the payments become due immediately and the asset is held as collateral. Principal outstanding as of June 30, 2024, was \$578,853. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 63,874	\$ 25,660
2026	66,131	22,631
2027	68,467	19,495
2028	70,886	16,247
2029	73,391	12,886
2030-2034	<u>236,104</u>	<u>17,276</u>
Totals	<u>\$ 578,853</u>	<u>\$ 114,195</u>

**9. Parks and Recreation Annex Repairs**

On October 20, 2022, the Clark County Fiscal Court entered into an agreement with KACoLT to finance annex repairs for parks and recreation. The amount of the agreement was \$402,247 and the interest rate was fixed at 4.0625 percent, to be paid in full in October 2027. In the case of default, the payments become due immediately and the asset is held as collateral. Principal outstanding as of June 30, 2024, was \$315,593. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 90,240	\$ 12,251
2026	93,975	8,149
2027	97,864	3,876
2028	<u>33,513</u>	<u>312</u>
Totals	<u>\$ 315,593</u>	<u>\$ 24,588</u>

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

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**10. Jail Improvement Project**

On June 20, 2023, the Clark County Fiscal Court obtained Financing Program Revenue Bonds, 2023A in the amount of \$1,905,000 to finance the improvement project of the county detention center. Payments are due semi-annually on the 20th of June and December, with the final payment due on December 20, 2042. The effective interest rate is 4.08 percent. In the case of default, the payments become due immediately and legal action may be pursued. The total principal balance was \$1,850,000 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 60,000	\$ 89,004
2026	60,000	86,004
2027	65,000	82,879
2028	70,000	79,504
2029	70,000	76,004
2030-2034	425,000	320,645
2035-2039	550,000	198,770
2040-2044	550,000	53,264
Totals	<u>\$ 1,850,000</u>	<u>\$ 986,074</u>

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 4,617,852	\$	\$ 617,277	\$ 4,000,575	\$ 570,243
Total Long-term Debt	<u>\$ 4,617,852</u>	<u>\$ 0</u>	<u>\$ 617,277</u>	<u>\$ 4,000,575</u>	<u>\$ 570,243</u>

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

**Note 6. Long-term Debt (Continued)**

**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	\$ 570,243	\$ 178,169
2026	425,105	153,342
2027	381,332	132,818
2028	329,400	115,631
2029	263,391	102,088
2030-2034	801,104	377,276
2035-2039	680,000	210,976
2040-2044	550,000	53,264
Totals	<u>\$ 4,000,575</u>	<u>\$ 1,323,564</u>

**Note 7. Contingencies**

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

**Note 8. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS). 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 Kentucky Retirement Systems (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 \$1,975,072, FY 2023 was \$2,432,392, and FY 2024 was \$2,338,554.

**CLARK 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 be allocated to CERS's share of assets in the Ky. Ret. Sys. Insurance trust 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 CERS Board of Trustees 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%.

Hazardous

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

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8% of their annual creditable compensation and 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 Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

**Note 8. Employee Retirement System (Continued)**

Hazardous (Continued)

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

The county's contribution rate for hazardous employees was 43.69%.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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.

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

**Note 8. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous (Continued)

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.

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

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

Once members reach a minimum vesting period of 15 years, they earn \$15 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%. 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 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% COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

G. Annual Financial Report and Proportionate Share Audit Report

KPPA 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. Some reports are also available online at <https://kyret.ky.gov>.

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

**Note 8. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

G. Annual Financial Report and Proportionate Share Audit Report (Continued)

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

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

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

**Note 10. Insurance**

For the fiscal year ended June 30, 2024, the Clark County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 11. 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.

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

**Note 12. Conduit Debt**

From time to time, the county has issued bonds to provide financial assistance to manufacturing companies for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Clark County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2024, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 7,785,000	\$ 7,785,000	\$ 10,500,351	\$ 2,715,351
In Lieu Tax Payments	27,000	27,000	28,143	1,143
Excess Fees	298,200	298,200	164,848	(133,352)
Licenses and Permits	71,250	71,250	76,232	4,982
Intergovernmental	1,903,680	1,953,680	1,883,707	(69,973)
Charges for Services	115,000	115,000	63,963	(51,037)
Miscellaneous	505,000	505,000	824,370	319,370
Interest	10,000	10,000	11,523	1,523
Total Receipts	<u>10,715,130</u>	<u>10,765,130</u>	<u>13,553,137</u>	<u>2,788,007</u>
<b>DISBURSEMENTS</b>				
General Government	2,810,050	2,920,807	2,655,773	265,034
Protection to Persons and Property	4,367,100	5,129,897	4,872,262	257,635
General Health and Sanitation	621,012	854,236	753,096	101,140
Social Services	796,000	706,664	690,600	16,064
Recreation and Culture	287,000	413,740	413,740	
Debt Service	535,100	535,100	534,794	306
Administration	2,671,788	2,810,848	2,752,545	58,303
Total Disbursements	<u>12,088,050</u>	<u>13,371,292</u>	<u>12,672,810</u>	<u>698,482</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,372,920)</u>	<u>(2,606,162)</u>	<u>880,327</u>	<u>3,486,489</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			3,374,600	3,374,600
Transfers To Other Funds	<u>(1,277,777)</u>	<u>(1,277,777)</u>	<u>(2,898,333)</u>	<u>(1,620,556)</u>
Total Other Adjustments to Cash (Uses)	<u>(1,277,777)</u>	<u>(1,277,777)</u>	<u>476,267</u>	<u>1,754,044</u>
Net Change in Fund Balance	(2,650,697)	(3,883,939)	1,356,594	5,240,533
Fund Balance - Beginning	<u>2,650,697</u>	<u>2,650,697</u>	<u>1,213,991</u>	<u>(1,436,706)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (1,233,242)</u>	<u>\$ 2,570,585</u>	<u>\$ 3,803,827</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,165,100	\$ 2,165,100	\$ 1,786,967	\$ (378,133)
Charges for Services	5,000	5,000	12,787	7,787
Miscellaneous	4,000	4,000	20,539	16,539
Interest	3,000	3,000	2,956	(44)
Total Receipts	<u>2,177,100</u>	<u>2,177,100</u>	<u>1,823,249</u>	<u>(353,851)</u>
<b>DISBURSEMENTS</b>				
Roads	1,193,100	2,191,260	2,134,282	56,978
Debt Service	317,000	170,118	160,326	9,792
Capital Projects	449,000	197,591		197,591
Administration	293,000	288,447	185,498	102,949
Total Disbursements	<u>2,252,100</u>	<u>2,847,416</u>	<u>2,480,106</u>	<u>367,310</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(75,000)</u>	<u>(670,316)</u>	<u>(656,857)</u>	<u>13,459</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			748,333	748,333
Total Other Adjustments to Cash (Uses)			<u>748,333</u>	<u>748,333</u>
Net Change in Fund Balance	(75,000)	(670,316)	91,476	761,792
Fund Balance - Beginning	<u>75,000</u>	<u>75,000</u>	<u>149,415</u>	<u>74,415</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (595,316)</u>	<u>\$ 240,891</u>	<u>\$ 836,207</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,675,727	\$ 2,675,727	\$ 2,024,151	\$ (651,576)
Charges for Services	99,500	99,500	89,299	(10,201)
Miscellaneous	160,540	160,540	186,966	26,426
Interest			757	757
Total Receipts	<u>2,935,767</u>	<u>2,935,767</u>	<u>2,301,173</u>	<u>(634,594)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	3,463,204	5,179,409	3,433,453	1,745,956
Debt Service	152,515	194,600	174,842	19,758
Administration	597,825	685,792	682,632	3,160
Total Disbursements	<u>4,213,544</u>	<u>6,059,801</u>	<u>4,290,927</u>	<u>1,768,874</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,277,777)</u>	<u>(3,124,034)</u>	<u>(1,989,754)</u>	<u>1,134,280</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds		1,800,000		(1,800,000)
Transfers From Other Funds	1,277,777	1,277,777	2,150,000	872,223
Total Other Adjustments to Cash (Uses)	<u>1,277,777</u>	<u>3,077,777</u>	<u>2,150,000</u>	<u>(927,777)</u>
Net Change in Fund Balance		(46,257)	160,246	206,503
Fund Balance - Beginning			1,701	1,701
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (46,257)</u>	<u>\$ 161,947</u>	<u>\$ 208,204</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Interest	\$ 500	\$ 500	\$ 636	\$ 136
Total Receipts	<u>500</u>	<u>500</u>	<u>636</u>	<u>136</u>
<b>DISBURSEMENTS</b>				
Administration	<u>98,000</u>	<u>98,000</u>		<u>98,000</u>
Total Disbursements	<u>98,000</u>	<u>98,000</u>		<u>98,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(97,500)</u>	<u>(97,500)</u>	<u>636</u>	<u>98,136</u>
Net Change in Fund Balance	<u>(97,500)</u>	<u>(97,500)</u>	<u>636</u>	<u>98,136</u>
Fund Balance - Beginning	<u>97,500</u>	<u>97,500</u>	<u>97,401</u>	<u>(99)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 98,037</u>	<u>\$ 98,037</u>

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

	<b>STATE GRANT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$	\$	\$ 19	\$ 19
Total Receipts			19	19
<b>DISBURSEMENTS</b>				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			19	19
Net Change in Fund Balance			19	19
Fund Balance - Beginning			2,890	2,890
Fund Balance - Ending	\$	\$	\$ 2,909	\$ 2,909

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

	<b>FEDERAL GRANT FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Interest	\$ 1,000	\$ 1,000	\$ 17,562	\$ 16,562
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>17,562</u>	<u>16,562</u>
<b>DISBURSEMENTS</b>				
General Government		47,004	47,003	1
Capital Projects		6,400	6,400	
Administration	3,806,000	2,026,423		2,026,423
Total Disbursements	<u>3,806,000</u>	<u>2,079,827</u>	<u>53,403</u>	<u>2,026,424</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,805,000)</u>	<u>(2,078,827)</u>	<u>(35,841)</u>	<u>2,042,986</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(2,826,600)	(2,826,600)
Total Other Adjustments to Cash (Uses)			<u>(2,826,600)</u>	<u>(2,826,600)</u>
Net Change in Fund Balance	(3,805,000)	(2,078,827)	(2,862,441)	(783,614)
Fund Balance - Beginning	<u>3,805,000</u>	<u>3,805,000</u>	<u>3,798,749</u>	<u>(6,251)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,726,173</u>	<u>\$ 936,308</u>	<u>\$ (789,865)</u>

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

ALCOHOLIC BEVERAGE CONTROL FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Licenses and Permits	\$ 2,000	\$ 2,000	\$ 6,565	\$ 4,565
Interest	200	200	177	(23)
Total Receipts	<u>2,200</u>	<u>2,200</u>	<u>6,742</u>	<u>4,542</u>
<b>DISBURSEMENTS</b>				
General Government	10,000	10,000	6,124	3,876
Administration	18,200	18,200		18,200
Total Disbursements	<u>28,200</u>	<u>28,200</u>	<u>6,124</u>	<u>22,076</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(26,000)</u>	<u>(26,000)</u>	618	26,618
Net Change in Fund Balance	(26,000)	(26,000)	618	26,618
Fund Balance - Beginning	<u>26,000</u>	<u>26,000</u>	<u>27,828</u>	<u>1,828</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,446</u>	<u>\$ 28,446</u>

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

	<b>DOCUMENT FEES FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 40,000	\$ 40,000	\$ 57,970	\$ 17,970
Interest	100	100	84	(16)
Total Receipts	<u>40,100</u>	<u>40,100</u>	<u>58,054</u>	<u>17,954</u>
<b>DISBURSEMENTS</b>				
General Government	90,100	90,100		90,100
Total Disbursements	<u>90,100</u>	<u>90,100</u>		<u>90,100</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>58,054</u>	<u>108,054</u>
Net Change in Fund Balance	(50,000)	(50,000)	58,054	108,054
Fund Balance - Beginning	<u>50,000</u>	<u>50,000</u>	<u>54,727</u>	<u>4,727</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 112,781</u>	<u>\$ 112,781</u>

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

	<b>OPIOID ABATEMENT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$		\$ 293,454	\$ 293,454
Interest		1,000	2,249	1,249
Total Receipts		<u>1,000</u>	<u>295,703</u>	<u>294,703</u>
<b>DISBURSEMENTS</b>				
Social Services			48,000	
Administration		285,000	237,000	237,000
Total Disbursements		<u>285,000</u>	<u>48,000</u>	<u>237,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(284,000)</u>	<u>247,703</u>	<u>531,703</u>
Net Change in Fund Balance		(284,000)	247,703	531,703
Fund Balance - Beginning		284,000	283,353	(647)
Fund Balance - Ending	\$	<u>0</u>	\$ <u>531,056</u>	\$ <u>531,056</u>

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

	<b>SPECIAL RESERVE FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$ 110,605	\$ 110,605	\$ 222,462	\$ 111,857
Interest	4,000	4,000	2,292	(1,708)
Total Receipts	<u>114,605</u>	<u>114,605</u>	<u>224,754</u>	<u>110,149</u>
<b>DISBURSEMENTS</b>				
General Government	48,620	48,620		48,620
General Health and Sanitation	167,565	167,565	7,775	159,790
Recreation and Culture	110,605	110,605	108,871	1,734
Administration	514,000	365,358		365,358
Total Disbursements	<u>840,790</u>	<u>692,148</u>	<u>116,646</u>	<u>575,502</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(726,185)</u>	<u>(577,543)</u>	<u>108,108</u>	<u>685,651</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(548,000)	(548,000)
Total Other Adjustments to Cash (Uses)			<u>(548,000)</u>	<u>(548,000)</u>
Net Change in Fund Balance	(726,185)	(577,543)	(439,892)	137,651
Fund Balance - Beginning	<u>726,185</u>	<u>726,185</u>	<u>703,120</u>	<u>(23,065)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 148,642</u>	<u>\$ 263,228</u>	<u>\$ 114,586</u>

**CLARK 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**

Other Adjustments to Cash (Uses) - Budgetary Basis	\$ 476,267
To adjust for change in revolving account	<u>(8,962)</u>
Total Intergovernmental - Regulatory Basis	<u>\$ 467,305</u>
Fund Balance - Ending - Budgetary Basis	\$ 2,570,585
To adjust for change in revolving account	<u>(8,962)</u>
Total Intergovernmental - Regulatory Basis	<u>\$ 2,561,623</u>

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**CLARK COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

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**CLARK COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Treasury</u></b>				
<i>Direct Program</i>				
COVID-19 - Coronavirus State And Local Fiscal Recovery Funds	21.027		\$ _____	\$ 3,974,646
<b>Total U.S. Department of Treasury</b>			_____	3,974,646
<b><u>U. S. Department of Housing and Urban Development</u></b>				
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grant/State's Program	14.228	PON2 112 2200004689	\$ _____	571,100
<b>Total U.S. Department of Housing and Urban Development</b>			_____	571,100
<b><u>U. S. Department of Homeland Security</u></b>				
<i>Passed-Through Kentucky Department of Military Affairs</i>				
CSEPP-Chemical Stockpile Emergency Preparedness Program	97.040	SC 095 2400001200	\$ _____	\$ 446,171
<i>Passed-Through Kentucky Department of Emergency Management</i>				
Disaster Grant-(Presidentially Declared)	97.036		_____	22,881
<b>Total U.S. Department of Homeland Security</b>			_____	469,052
Total Expenditures of Federal Awards			\$ 0	\$ 5,014,798

The accompanying notes are an integral part of this schedule.

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

**June 30, 2024**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Clark County, Kentucky under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clark County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Clark County, Kentucky.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

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

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

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

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**CLARK 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:

	Beginning Balance	Additions	Deletions	Ending Balance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Land and Land Improvements	\$ 3,008,107	\$	\$	\$ 3,008,107
Buildings & Building Improvements	13,720,673			13,720,673
Other Equipment	2,051,880			2,051,880
Vehicles & Equipment	4,228,000			4,228,000
Infrastructure	10,003,912			10,003,912
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Capital Assets	<u>\$ 33,012,572</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,012,572</u>

**CLARK 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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	5-10
Infrastructure	\$ 20,000	10-50

**Note 2. Capital Assets Schedule**

There was no activity reported by the county during the year or a listing maintained. The prior year schedule was carried forward.

**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 R.J. Palmer, Clark County Judge/Executive  
The Honorable Les Yates, Former Clark County Judge/Executive  
Members of the Clark 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 Clark County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Clark County Fiscal Court's financial statement and have issued our report thereon dated October 29, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Clark 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 Clark County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clark County Fiscal Court's internal control.

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2024-006 to be a significant deficiency.

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Clark 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 Questioned Costs as items 2024-001, 2024-002, 2024-004, and 2024-005.

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

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

**Purpose of this Report**

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

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

October 29, 2025

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

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable R.J. Palmer, Clark County Judge/Executive  
The Honorable Les Yates, Former Clark County Judge/Executive  
Members of the Clark County Fiscal Court

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

*Opinion on Each Major Federal Program*

We have audited Clark County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Clark County Fiscal Court's major federal programs for the year ended June 30, 2024. Clark County Fiscal Court's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Clark County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Clark County Fiscal Court and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Clark County Fiscal Court's compliance with the compliance requirements referred to above.



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

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Clark County Fiscal Court's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Clark County Fiscal Court's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Clark County Fiscal Court's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Clark County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Clark County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Clark County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-007. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on Clark County Fiscal Court's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Clark County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-007 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on Clark County Fiscal Court's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Clark County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

October 29, 2025

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

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

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

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

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

***Financial Statement***

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP:  
Adverse on GAAP and Unmodified on Regulatory Basis

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

***Federal Awards***

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000		
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**CLARK COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

**Section II: Financial Statement Findings**

2024-001 The Clark County Fiscal Court Failed To Implement Proper Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2023-002. The Clark County Fiscal Court failed to implement effective internal controls over disbursements. The following deficiencies were noted during the testing of 35 disbursements:

- A check for \$100,000 remained outstanding for more than six months without follow up during the reconciliation process.
- Four disbursements with the incorrect check number posted to the ledger.
- One disbursement with the incorrect check date posted to the ledger.
- Five disbursement were incorrectly coded resulting in a total misstatement of \$466,854.
- Five disbursements were not paid within 30 business days of invoice receipt.
- Thirty-four disbursements had a purchase order dated after the purchase occurred.
- Three disbursements did not follow proper sealed bidding, state contract, or noncompetitive negotiation procedures.
- The fiscal court misstated its financial statement by not properly recording and reporting encumbrances.

The county has not implemented effective internal controls to ensure disbursements were properly supported, authorized, and reported. The identified internal control deficiencies result in noncompliance with state law and the county's administrative code. Failure to properly implement an effective purchase order system, accurately record encumbrances and disbursements, and effectively reconcile bank records to ledgers resulted in misstatement of the financial statement.

KRS 68.210 gives the state local finance officer the authority to prescribe a system of uniform accounts. The Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for counties' handling of public funds. These requirements include the implementation of a purchase order system and reporting encumbrances on the quarterly financial statement.

KRS 45A.343(1) states, "[a]ny local public agency may adopt the provisions of KRS 45A.345 to 45A.460[.]" also known as the Local Government Model Procurement Code. The Code prescribes the requirements for purchases that do not qualify as a small purchase. The Code sets the small purchase threshold at \$40,000 or less if set lower by the local public agency (KRS 45A.385). If not qualified as a small purchase, all contract or purchases are required to be awarded by competitive sealed bidding (KRS 45A.365), competitive negotiation upon the written determination that certain preconditions are met (KRS 45A.370), noncompetitive negotiation upon the written determination that certain preconditions are met (KRS 45A.380), or pursuant to a state agency price contract (45A.050(3)). Per county's administrative code, the Code was adopted with a bidding requirement for expenditures exceeding \$30,000.

KRS 65.140 (2) states, "[u]nless the purchaser or vendor otherwise contract, all bills for goods and services shall be paid within thirty (30) working days of receipt of the vendor's invoice []." ]"

We recommend the county strengthen internal controls to ensure all disbursements have adequate support, approval prior to purchase, and are paid within the required 30 business days. We also recommend the fiscal court review the Local Government Model Procurement Code and the Clark County Administrative Code and strengthen internal controls over large purchases to ensure compliance with procurement requirements. Finally, we recommend the fiscal court ensures that any open purchase orders created before the end of the fiscal year be reported as encumbrances on the fourth quarter financial statement.

**CLARK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

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

2024-001 The Clark County Fiscal Court Failed To Implement Proper Internal Controls Over Disbursements  
(Continued)

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Views of Responsible Official and Planned Corrective Action:

*Former County Judge/Executive's Response: The check for \$100,000.00 that remained outstanding for more than six months was a check made out to parks and recreation department. They held onto the check instead of depositing it. The county should have followed up on the check and will do so in the future.*

*Incorrect check numbers posted to the ledger occurred to re-issuing voided checks and using the same check number. All new checks will have new numbers.*

*Incorrectly coded disbursements did occur but will be minimized in the future due to closer review and proper purchase order classifications.*

*Late disbursements not being paid were mainly due to receiving the invoices late due to mail and the time frame of preparing a bills list for fiscal court approval. More bills are being reviewed on line to speed up this process instead of waiting on the mail.*

*We are looking into possible software understanding and data entry to ensure that disbursements are properly reported.*

2024-002 The Clark County Fiscal Court Failed To Implement Proper Internal Controls Over Payroll

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This is a repeat finding and was included in the prior year audit report as finding 2023-003. The Clark County Fiscal Court failed to implement internal controls over payroll resulting in the following:

- Timesheets were not available to support hours paid for two employees.
- Employees received benefits without meeting the full-time definition according to the fiscal court's administrative code.
- An approved salary schedule was not maintained.

The lack of oversight and understanding of applicable laws, regulations, and proper internal controls over timesheets by county staff resulted in the issues noted above.

Failing to properly prepare and authorize timesheets and reconcile timesheet hours may result in the incorrect amounts paid to employees for hours worked and results in noncompliance with state law and the county's administrative code. Timesheets should be maintained by all non-exempt employees required by KRS 337.320(1)(b). Timesheets should be maintained and document the hours worked each day and each week by each employee. Each timesheet should be signed by the employee and his or her supervisor.

**CLARK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

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

2024-002 The Clark County Fiscal Court Failed To Implement Proper Internal Controls Over Payroll  
(Continued)

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Clark County's Administrative Code states: (A) All employees of the County workforce shall be classified as full-time, part-time, seasonal, or temporary.

- (1) Full-Time Employee: An employee who works 37.5 or more hours per week on a regular scheduled basis.
- (2) Part-Time Employee: An employee who works less than 37.5 hours per week.
- (3) Seasonal Employee: Temporary positions which coincide in duration with a particular season or seasons of the year and that may recur regularly from year to year, in which case the period shall not exceed six (6) months in any event.
- (4) Temporary Employee: Are positions of employment with a participating agency for a period not to exceed twelve (12) months (full or part-time).

We recommend the fiscal court implement procedures to ensure that each employee prepares and signs a timesheet for each pay period and that the employee's supervisor signs the timesheets to evidence review and verification that hours documented on the timesheet are accurate. We recommend the fiscal court maintain all timesheets for each pay period as required by state law. Also, we recommend the county maintain an approved salary schedule and only classify employees full-time when they work sufficient hours to meet the definition of a full-time employee under the administrative code.

Views of Responsible Official and Planned Corrective Action:

*Former County Judge/Executive's Response: County attorney assistants have not maintained timesheets in the past. We will have to discuss this process with the county attorney to ensure that all non-exempt employees timesheets will be maintained.*

*Employees were working 35 hours a week while the administration code stated that full time was 37.5 hours. The administrative code has been changed to reflect that 35 hours per week is full time.*

*The approved salary schedule will be submitted to the fiscal court and approved in early January to ensure that the salary schedule is maintained.*

2024-003 The Clark County Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts

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This is a repeat finding and was included in the prior year audit report as finding 2023-004. The Clark County Fiscal Court lacks adequate segregation of duties over the receipt process. The county treasurer prepares deposit tickets and posts receipts to the receipt ledger for all receipts for all funds without consistent documented review from an independent party. There was inconsistent evidence of review of bank reconciliations and monthly reports, and the county's financial statements do not appear to be properly reviewed prior to submission.

Management's lack of oversight caused a failure to implement segregation of duties and compensating controls. The lack of segregation of duties and compensating controls increases the risk of misappropriation of assets, errors, and inaccurate financial reporting.

**CLARK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

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

2024-003 The Clark County Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts (Continued)

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.” Adequate segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the fiscal court implement segregation of duties over receipts. If this is not possible due to a lack of staff, then the fiscal court should implement compensating controls to mitigate this deficiency.

Views of Responsible Official and Planned Corrective Action:

*Former County Judge/Executive’s Response: The Treasurer will provide an up-to-date copy of the bank statement that is being reconciled and submit it with the deposit tickets and ledger receipts to ensure that the financial statements are properly reviewed.*

2024-004 The Clark County Fiscal Court Failed To Prepare And Submit An Accurate And Timely Schedule Of Expenditures Of Federal Awards (SEFA) To The Department For Local Government

This is a repeat finding and was included in the prior year audit report as finding 2023-005. The fiscal court failed to prepare an accurate and complete Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2024. The SEFA was not submitted to the Department for Local Government (DLG) and was only prepared after auditors requested it during fieldwork. The SEFA originally reported total federal expenditures of \$469,052 but omitted expenditures for two major federal programs totaling \$4,545,746, resulting in a corrected total of \$5,014,798.

The fiscal court did not have adequate internal controls or oversight procedures to ensure the SEFA was prepared, reviewed, and reconciled to supporting records in a timely and accurate manner. Staff responsible for compiling the SEFA did not understand the federal reporting requirements, and no formal review process existed to verify the completeness and accuracy of reported federal expenditures.

The failure to properly identify and report all federal expenditures resulted in a materially misstated SEFA. Because the SEFA initially understated total federal expenditures by approximately \$4.5 million, it appeared that the fiscal court was not subject to a Single Audit when, in fact, total expenditures exceeded the \$750,000 threshold. This misstatement increases the risk that additional unreported federal funds may exist. The lack of accurate reporting also raises the potential for noncompliance with federal regulations, jeopardizing future federal funding and undermining public confidence in the fiscal court’s financial reporting. Based on the information provided, we determined that the major program that required an audit was ARPA.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the DLG’s *County Budget Preparation and State Local Finance Officer Policy Manual*. Page 54 of the manual states that a Schedule of Expenditures of Federal Awards must be maintained under the uniform system of accounts.

**CLARK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

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

2024-004 The Clark County Fiscal Court Failed To Prepare And Submit An Accurate And Timely Schedule Of Expenditures Of Federal Awards (SEFA) To The Department For Local Government  
(Continued)

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2 CFR 200.510(b) mandates that the auditee must “prepare a schedule of expenditures of Federal awards for the period covered by the auditee’s financial statements.” Under the version of this regulation in effect for applicable period of this audit, the schedule must:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listing number or other identifying number when the Assistance Listing number is not available.
- (4) Include total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in §200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule.

To ensure compliance with federal and state requirements, we recommend the fiscal court implement the following measures:

1. Develop and document formal procedures for preparing the SEFA, including detailed steps for identifying, compiling, and reporting all federal expenditures.
2. Designate staff responsible for overseeing the preparation and review of the SEFA.
3. Conduct regular training on federal reporting requirements and internal controls.
4. Establish a process for timely submission of the SEFA to DLG, including a schedule for preparing the SEFA in advance of the fourth-quarter reporting deadline.

Views of Responsible Official and Planned Corrective Action:

*Former County Judge/Executive’s Response: No one in the fiscal court was aware that a SEFA report was due and that it had to be submitted to DLG. We are implementing a procedure for preparing the reports in a timely manner before it is due. More training will be provided to staff.*

2024-005 The Clark County Fiscal Court Fourth Quarter Report Was Materially Misstated

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The Clark County Fiscal Court is required to prepare a financial statement in accordance with regulatory requirements. The financial statement is used to accumulate and report all receipts, disbursements, and ending balances of the funds maintained by the fiscal court. Failure to implement adequate controls over the financial reporting process resulted in the following:

- Transfers for various funds totaling \$2,210,684 were recorded incorrectly.
- A \$190,100 reimbursement was recorded incorrectly.
- Bank deposit errors totaling \$15,263 were recorded in the General Fund.
- The Road Fund recorded \$401,844 of road materials incorrectly.
- The Jail Fund reported debt proceeds of \$361,748 that were actually received in fiscal year 2023.

**CLARK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

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

2024-005 The Clark County Fiscal Court Fourth Quarter Report Was Materially Misstated (Continued)

The county treasurer and former county judge/executive accepted corrections to the aforementioned errors. The fiscal court failed to implement adequate internal controls over the financial reporting process.

A materially misstated financial statement was submitted to the Department for Local Government, who is the oversight body for local governments, and to the fiscal court, which then relied on that information to make financial decisions.

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.” Management oversight and reviews over preparation of financial reports is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Management should review financial reports to ensure they report accurate data and totals when compared to the supporting accounting ledgers.

We recommend the Clark County Fiscal Court review their financial reporting process and implement an effective control structure to ensure that financial reports in the future are accurate.

Views of Responsible Official and Planned Corrective Action:

*Former County Judge/Executive’s Response: These findings were mainly due to a weak understanding of the ARPA accounting methods and how to classify the transfers. The quarterly report was corrected to reflect the proper reporting. The quarterly report will be reviewed to ensure that it is accurate and that the transfer orders and bank activities reconcile.*

2024-006 The Clark County Fiscal Court Did Not Maintain Adequate Internal Controls Over Revolving Accounts

This is a repeat finding and was included in the prior year audit report as finding 2023-007. The Clark County Fiscal Court maintains revolving accounts for various expenses and these funds are not reconciled properly. The following was noted at June 30, 2024:

- The payroll fringe account had an unexplained balance of \$85,701.
- The payroll insurance account had an unexplained balance of \$17,039.
- The old payroll account had an unexplained balance of \$5,058.
- The old fringe account had an unexplained balance of \$37,344.

Management failed to properly implement review and reconciliation procedures over revolving and insurance accounts.

Failure to properly implement controls may result in misappropriation of assets and/or fraudulent reporting.

**CLARK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

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

2024-006 The Clark County Fiscal Court Did Not Maintain Adequate Internal Controls Over Revolving Accounts (Continued)

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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.” Proper internal controls over reconciliations of revolving accounts are necessary to ensure the accuracy and reliability of financial reports.

We recommend the fiscal court close any old or unused accounts. The fiscal court should also review these balances to determine the correct fund to transfer the unexplained amounts and implement procedures to ensure that any revolving accounts are reconciled accurately.

Views of Responsible Official and Planned Corrective Action:

*Former County Judge/Executive’s Response: These discrepancies occurred when the County switched payroll reporting vendors. The old payroll accounting system was not closed out when the new one came online. This changeover system occurred in 2022, before the present county judge/executive and the treasurer took over. We are trying to correct these errors with the appropriate government departments.*

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

2024-007 The Clark County Fiscal Court Lacks Adequate Internal Controls Over Federal Program Administration And Reporting

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*Federal Program: 21.027 – COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)  
Award Number and Year: 2024  
Name of Federal Agency and Pass-Thru Agency: U.S. Department of the Treasury  
Compliance Requirements: Reporting, and Allowable Costs/Cost Principles  
Type of Finding: Material Weakness and Noncompliance  
Amount of Questioned Costs: \$0  
COVID Related: Yes*

The Clark County Fiscal Court does not have adequate internal controls over the administration and reporting of federal program expenditures. The fiscal court relies on external consultants to prepare and submit all required legal and U.S. Department of the Treasury compliance reports and does not perform an independent review prior to submission. As a result, \$38,927 expenditures that were reimbursed under another federal program were improperly included in the Revenue Loss calculation. These amounts were not identified or corrected by the fiscal court prior to submission due to the lack of independent review. Management subsequently replaced the expenditures with qualifying CSLFRF expenditures, and no questioned costs resulted. The fiscal court also did not retain a copy of the ARPA grant agreement and could not provide it to auditors upon request. This limited the fiscal court from demonstrating compliance with award terms and conditions.

**CLARK COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

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

2024-007 The Clark County Fiscal Court Lacks Adequate Internal Controls Over Federal Program Administration And Reporting (Continued)

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The fiscal court has outsourced CSLFRF reporting and compliance activities but has not established procedures to review submissions for accuracy and compliance. Reliance on external consultants without independent oversight increases the risk of reporting errors, misallocation of federal funds, and noncompliance.

Additionally, the absence of key grant documentation limits the fiscal court's ability to verify compliance with the ARPA award's terms and conditions, increasing the risk of noncompliance and federal disallowances. The Clark County Fiscal Court has not: (1) implemented a formal review process to verify the accuracy of reports prepared by external consultants before submission to the U.S. Department of the Treasury; or (2) established procedures to properly maintain federal grant agreements and key compliance documentation.

Failure to review financial reports prior to submission increases the risk of inaccurate reporting and noncompliance with federal grant requirements. Although the identified errors were corrected by management after submission and no questioned costs resulted, the lack of effective internal controls increases the risk that future errors may not be identified or corrected in a timely manner, potentially resulting in questioned costs or required repayment.

Additionally, failure to maintain essential grant agreements impairs the fiscal court's ability to demonstrate compliance with federal award requirements and increases the risk of future compliance deficiencies.

2 CFR § 200.303, titled Internal Controls, states the non-Federal entity must:

- (a) Establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-Federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with the guidance in "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR § 200.334, titled Record retention requirements for records, states that the non-Federal entity must retain all Federal award records for three years from the date of submission of their final financial report. For awards that are renewed quarterly or annually, the recipient and subrecipient must retain records for three years from the date of submission of their quarterly or annual financial report, respectively. Records to be retained include but are not limited to, financial records, supporting documentation, and statistical records.

We recommend the Clark County Fiscal Court:

1. Establish and document internal control procedures to ensure that all financial reports prepared by external consultants are reviewed and approved by county officials before submission.
2. Perform an independent review of all revenue loss calculations to confirm that expenditures are not being claimed under multiple federal grants.
3. Implement a grant documentation policy to ensure all federal grant agreements, amendments, and compliance-related documents are maintained in an accessible and secure manner.

**CLARK COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

**Section III: Federal Award Findings And Questioned Costs (Continued)**

2024-007 The Clark County Fiscal Court Lacks Adequate Internal Controls Over Federal Program Administration And Reporting (Continued)

Views of Responsible Official and Planned Corrective Action:

*Former County Judge/Executive's Response: The Fiscal Court did not want to hire an outside firm back in 2022 to aid in the understanding and reporting of Federal filings. At this time, the fiscal had very limited understanding of Federal filings, especially about how to handle the ARPA monies. In FY2024, after several mistakes were pointed out, the Fiscal Court agreed to bring in the consulting firm of [name redacted] to prepare the necessary paperwork for filings. The Court had to rely on this outside source to maintain the compliance filings without much review. We are going to work with [name redacted] to implement a formal review process. The related county employees will have training as time and schedules permit.*

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

Finding Number	Prior Year Finding Title	Status	Corrective Action
2023-001	The Clark County Fiscal Court Failed To Provide Adequate Oversight Over Accounting, Reporting, And Financial Management Practices	Unresolved	See corrective action for current year findings 2024-001 through 2024-007
2023-002	The Clark County Fiscal Court Failed To Implement Proper Internal Controls Over Disbursements	Unresolved	See corrective action for current year finding 2024-001
2023-003	The Clark County Fiscal Court Failed to Implement Proper Internal Controls Over Payroll	Unresolved	See corrective action for current year finding 2024-002
2023-004	The Clark County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash and Receipts	Unresolved	See corrective action for current year finding 2024-003
2023-005	The Clark County Fiscal Court Did Not Prepare An Accurate Schedule Of Expenditures Of Federal Awards In A Timely Manner And Failed To Remit The SEFA To The Department Of Local Government	Unresolved	See corrective action for current year finding 2024-004
2023-006	The Clark County Fiscal Court Material Misstated Their Financial Statement and Did Not Properly Report Outstanding Liabilities	Partially Resolved	See corrective action for current year finding 2024-005
2023-007	The Clark County Fiscal Court Did Not Maintain Adequate Internal Controls Over Revolving Accounts	Unresolved	See corrective action for current year finding 2024-006
2023-008	The Clark County Fiscal Court Does Not Have Adequate Internal Controls Over Federal Programs	Unresolved	See corrective action for current year finding 2024-007

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

**CLARK 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 Clark 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.



County Judge/Executive



County Treasurer