

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

**For The Year Ended  
June 30, 2023**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
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## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
HANCOCK COUNTY OFFICIALS .....	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	8
NOTES TO FINANCIAL STATEMENT.....	12
BUDGETARY COMPARISON SCHEDULES.....	25
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES .....	34
SCHEDULE OF CAPITAL ASSETS.....	37
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	38
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	41
SCHEDULE OF FINDINGS AND RESPONSES .....	45
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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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 Johnny W. Roberts, Jr., Hancock County Judge/Executive  
Members of the Hancock 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 Hancock County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Hancock 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 Hancock County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Hancock County Fiscal Court, for the year ended June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

***Basis for Opinions***

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



To the People of Kentucky  
 The Honorable Andy Beshear, Governor  
 Holly M. Johnson, Secretary  
 Finance and Administration Cabinet  
 The Honorable Johnny W. Roberts, Jr., Hancock County Judge/Executive  
 Members of the Hancock County Fiscal Court

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Hancock 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***

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

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

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

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

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Johnny W. Roberts, Jr., Hancock County Judge/Executive  
Members of the Hancock County Fiscal Court

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

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

**Other Matters**

***Supplementary Information***

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

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

***Other Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025, on our consideration of the Hancock 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 Hancock County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Johnny W. Roberts, Jr., Hancock County Judge/Executive  
Members of the Hancock County Fiscal Court

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

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

- 2023-001 The Hancock County Fiscal Court Lacks Internal Controls Over Disbursements
- 2023-002 The Hancock County Fiscal Court Did Not Perform A Reconciliation Between Third Party Vendor  
And Internal Documents For Ambulance Collections
- 2023-003 The Hancock County Fiscal Court Lacks Internal Controls Over Receipts

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

February 24, 2025



**HANCOCK COUNTY OFFICIALS****For The Year Ended June 30, 2023****Fiscal Court Members:**

Johnny W. Roberts	County Judge/Executive
John M. Gray	Magistrate
Kasey Emmick	Magistrate
Gary Baker	Magistrate
John Garner	Magistrate

**Other Elected Officials:**

Paul Madden, Jr.	County Attorney
Roger D. Estes	Jailer
Trina M. Ogle	County Clerk
Michael Boling	Circuit Court Clerk
Ralph D. Bozarth	Sheriff
Karen K. Robertson	Property Valuation Administrator
David A. Gibson	Coroner

**Appointed Personnel:**

Melissa D. Johnson	County Treasurer
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**HANCOCK COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**

**For The Year Ended June 30, 2023**

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

**For The Year Ended June 30, 2023**

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 6,573,626	\$	\$
In Lieu Tax Payments	7,595		
Excess Fees	197,002		
Licenses and Permits	36,056		
Intergovernmental	271,787	980,151	70,313
Charges for Services	428,510		6,848
Miscellaneous	506,960	289,688	2,547
Interest	302,439	11,646	1,026
Total Receipts	<u>8,323,975</u>	<u>1,281,485</u>	<u>80,734</u>
<b>DISBURSEMENTS</b>			
General Government	1,931,662		
Protection to Persons and Property	1,232,782		173,834
General Health and Sanitation	219,582		
Social Services	187,847		
Recreation and Culture	675,578		
Roads		1,765,109	
Airports	14,258		
Debt Service		152,528	
Administration	1,886,898	221,225	28,162
Total Disbursements	<u>6,148,607</u>	<u>2,138,862</u>	<u>201,996</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,175,368</u>	<u>(857,377)</u>	<u>(121,262)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds		168,589	
Payroll Revolving Account	203,619		
Transfers From Other Funds		675,000	135,000
Transfers To Other Funds	(812,400)		
Total Other Adjustments to Cash (Uses)	<u>(608,781)</u>	<u>843,589</u>	<u>135,000</u>
Net Change in Fund Balance	1,566,587	(13,788)	13,738
Fund Balance - Beginning (Restated)	<u>6,639,451</u>	<u>210,887</u>	<u>11,653</u>
Fund Balance - Ending	<u>\$ 8,206,038</u>	<u>\$ 197,099</u>	<u>\$ 25,391</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 8,023,126	\$ 197,099	\$ 25,434
Payroll Revolving Account Reconciled Balance	203,619		
Less: Outstanding Checks	<u>(20,707)</u>		<u>(43)</u>
Fund Balance - Ending	<u>\$ 8,206,038</u>	<u>\$ 197,099</u>	<u>\$ 25,391</u>

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

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

Budgeted Funds					
Local Government Economic Assistance Fund	Community Development Block Grants Fund	E-911 Fund	Clerk Storage Fees Fund	American Rescue Plan Act Fund	Opioid Settlement Fund
\$	\$	\$ 18,214	\$	\$	\$
31,094	1,577	161,833		263,000	
7,695		25,991	12,870	51,449	46,266
38,789	1,577	206,038	12,870	314,449	23
					46,289
1,071		107,619	4,992	1,606,138	
1,105					
6,950	3,977				
6,455					
15,581	3,977	107,619	4,992	1,606,138	
23,208	(2,400)	98,419	7,878	(1,291,689)	46,289
	2,400			(50,000)	
	2,400			(50,000)	
23,208		98,419	7,878	(1,341,689)	46,289
170,544	8	562,533		1,703,788	
\$ 193,752	\$ 8	\$ 660,952	\$ 7,878	\$ 362,099	\$ 46,289
\$ 193,752	\$ 8	\$ 660,952	\$ 7,878	\$ 362,099	\$ 46,289
\$ 193,752	\$ 8	\$ 660,952	\$ 7,878	\$ 362,099	\$ 46,289

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

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

	<b>Unbudgeted Funds</b>	
	<b>Local</b>	<b>Public</b>
	<b>Assistance</b>	<b>Improvement</b>
	<b>And Tribal</b>	<b>Corporation</b>
	<b>Consistency</b>	<b>Fund</b>
	<b>Fund</b>	<b>Fund</b>
		<b>Total</b>
		<b>Funds</b>
<b>RECEIPTS</b>		
Taxes	\$	\$ 6,591,840
In Lieu Tax Payments		7,595
Excess Fees		197,002
Licenses and Permits		36,056
Intergovernmental		850,309 2,630,064
Charges for Services		435,358
Miscellaneous		858,331
Interest	592	400,861
Total Receipts	592	850,309 11,157,107
<b>DISBURSEMENTS</b>		
General Government		1,936,654
Protection to Persons and Property		3,121,444
General Health and Sanitation		220,687
Social Services		198,774
Recreation and Culture		682,033
Roads		1,765,109
Airports		14,258
Debt Service		850,309 1,002,837
Administration		2,136,285
Total Disbursements		850,309 11,078,081
Excess (Deficiency) of Receipts Over		
Disbursements Before Other		
Adjustments to Cash (Uses)	592	79,026
<b>Other Adjustments to Cash (Uses)</b>		
Financing Obligation Proceeds		168,589
Payroll Revolving Account		203,619
Transfers From Other Funds	50,000	862,400
Transfers To Other Funds		(862,400)
Total Other Adjustments to Cash (Uses)	50,000	372,208
Net Change in Fund Balance	50,592	451,234
Fund Balance - Beginning		9,298,864
Fund Balance - Ending	\$ 50,592	\$ 0 \$ 9,750,098
<b>Composition of Fund Balance</b>		
Bank Balance	\$ 50,592	\$ 9,567,229
Plus: Deposits In Transit		203,619
Investments		(20,750)
Fund Balance - Ending	\$ 50,592	\$ 0 \$ 9,750,098

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	12
NOTE 2.	DEPOSITS .....	15
NOTE 3.	TRANSFERS.....	15
NOTE 4.	ASSET HELD FOR RESALE .....	16
NOTE 5.	LEASES .....	16
NOTE 6.	LONG-TERM DEBT .....	16
NOTE 7.	LANDFILL CLOSURE AND POST-CLOSURE COSTS.....	18
NOTE 8.	EMPLOYEE RETIREMENT SYSTEM .....	18
NOTE 9.	DEFERRED COMPENSATION.....	21
NOTE 10.	HEALTH REIMBURSEMENT ACCOUNT .....	21
NOTE 11.	INSURANCE.....	21
NOTE 12.	CONDUIT DEBT.....	22
NOTE 13.	PAYROLL REVOLVING ACCOUNT .....	22
NOTE 14.	CONTINGENCIES .....	22
NOTE 15.	PRIOR PERIOD ADJUSTMENTS .....	22

**HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2023**

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

**A. Reporting Entity**

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

The Hancock County Airport Board would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, it no longer is a required component of the reporting entity. An audit can be obtained from the Hancock County Fiscal Court: 225 Main Cross Street, Hawesville, KY 42348.

**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.



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

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

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

**Budgeted Funds (Continued)**

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.

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.

Community Development Block Grants Fund - The primary purpose of this fund is to account for the community development block grant receipts and disbursements.

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

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

American Rescue Plan Act Fund - The primary purpose of this fund is to account for activity related to American Rescue Plan Act grant receipts and disbursements. The primary sources of receipts for this fund are from the American Rescue Plan Act grant.

Opioid Settlement Fund - The primary purpose of this fund is to account for funds used to combat the county opioid crisis. Funds are received from the state as a result of the state's agreement with major opioid manufacturer and distributors.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

The Local Assistance and Tribal Consistency Fund (LATCF) – The primary purpose of this fund is to account for receipts and disbursements of the county's LATCF funds. The primary sources of receipts for this fund are grants from the federal government.

Public Improvement Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

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

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

**D. Budgetary Information**

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

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

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

The state local finance officer does not require the public improvement corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Hancock County Elected Officials**

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

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

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

**G. Long-term Obligations**

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

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Transfers**

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

	General Fund	American Rescue Plan Act Fund	Total Transfers In
Road Fund	\$ 675,000	\$	\$ 675,000
Jail Fund	135,000		135,000
Community Development Block Grants Fund	2,400		2,400
Local Assistance and Tribal Consistency Fund		50,000	50,000
Total Transfers Out	<u>\$ 812,400</u>	<u>\$ 50,000</u>	<u>\$ 862,400</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.

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

**Note 4. Asset Held For Resale**

The Hancock County Fiscal Court participates in the activity of purchasing assets such as dump trucks and reselling them at auction prior to the financing obligation coming to term. The activity as of June 30, 2023, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Asset Held For Resale (Restated)	\$ 145,422	\$ 168,589	\$ 145,422	\$ 168,589
Total	<u>\$ 145,422</u>	<u>\$ 168,589</u>	<u>\$ 145,422</u>	<u>\$ 168,589</u>

**Note 5. Leases**

**A. Lessor**

**1. Administrative Office of the Courts (AOC)**

On July 1, 2022, Hancock County began leasing office space to Administrative Office of the Courts (AOC). The lease is for one year and the county will receive quarterly payments of \$34,500. The Hancock County Fiscal Court recognized \$163,998 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Hancock County Fiscal Court's receivable for lease payments was \$0.

**2. GNTT Holdings, LLC**

On July 1, 2020, Hancock County began leasing a road to GNTT Holdings, LLC to use as primary route when transporting various materials to and from its mining, sand plant, C&D landfill and beneficial reuse sites as well as other general uses.. The Hancock County Fiscal Court receives \$0.25 per ton of material hauled for first 250,000 annual tons. Any tons hauled excess of the 250,000 annual tons shall have a \$0.15 per ton rate applied. The lease is for one year and, if a new agreement is not executed by the parties upon the expiration of the one year, shall renew automatically under the same terms for an additional one year. The Hancock County Fiscal Court recognized \$54,355 in revenue during the current fiscal year related to this lease.

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Ambulance Truck**

The Hancock County Fiscal Court borrowed \$100,000 from Mr. and Mrs. Floyd Bray Trust Fund, Hancock Bank & Trust Company, Trustee for the purchase of an ambulance. Terms of the agreement stipulate a four-and-a-half-year repayment schedule with an interest rate of 2.18%. In the event of a default the ambulance will be repossessed by the financial institution. As of June 30, 2023, the principal balance was \$0.

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

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

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

**2. Mack Truck Lease 15**

The Hancock County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust as lessee to finance the purchase of a Mack truck on October 21, 2021. The lease is for \$145,422 at a 3.74% interest rate. As of June 30, 2023, the principal balance was \$0.

**3. Mack Truck Lease 16**

The Hancock County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust as lessee to finance the purchase of a Mack truck on September 30, 2022. The lease is for \$169,589 at a 3.74% interest rate. As of June 30, 2023, the principal balance was \$169,589. Future Principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 168,589	\$ 4,729
Totals	<u>\$ 168,589</u>	<u>\$ 4,729</u>

**B. Other Debt**

**Hancock County Public Improvement Corporation Lease Revenue Refunding Bond, Series 2017**

On May 1, 2017, the Hancock County Fiscal Court entered into a \$5,585,199 Public Improvement Corporation Lease Revenue Bonds with J.P. Morgan Chase for the purpose of financing the costs of the refunding and refinancing the outstanding Hancock County Public Improvement Corporation Lease Revenue Bonds, Series 2009, dated August 12, 2009, for the Hancock County Judicial Center Project. Principal payments are due August 1, and the interest payments are due February 1 and August 1 with a 2.23% interest rate. The bonds will mature on August 1, 2028. The bonds are secured by a foreclosable first mortgage lien on the project. In the event of the default the mortgage will be enforced. As of June 30, 2023, the principal balance was \$4,775,293. Future Principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 751,494	\$ 98,110
2025	771,009	81,135
2026-2029	<u>3,252,790</u>	<u>147,386</u>
Totals	<u>\$ 4,775,293</u>	<u>\$ 326,631</u>

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

**C. Changes In Long Term Debt**

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 166,046	\$ 168,589	\$ 166,046	\$ 168,589	\$ 168,589
Other Debt	5,510,999		735,706	4,775,293	751,494
Total Long-term Debt	<u>\$ 5,677,045</u>	<u>\$ 168,589</u>	<u>\$ 901,752</u>	<u>\$ 4,943,882</u>	<u>\$ 920,083</u>

**D. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 751,494	\$ 98,110	\$ 168,589	\$ 4,729
2025	771,009	81,135		
2026-2029	3,252,790	147,386		
Totals	<u>\$ 4,775,293</u>	<u>\$ 326,631</u>	<u>\$ 168,589</u>	<u>\$ 4,729</u>

**Note 7. Landfill Closure and Post-Closure Costs**

The Hancock County Landfill was closed on June 20, 1995. The Hancock County Fiscal Court must comply with established state and federal closure procedures and must perform maintenance and monitoring procedures at the site for 30 years after closure. The estimated initial monitoring began in July 1998 and estimated final date for maintenance and monitoring is July 2028. The fiscal court paid post-closing costs of \$18,500 in fiscal year ending June 30, 2023. Estimated remaining post-closure care costs total \$92,500 as of June 30, 2023, or \$18,500 per year until the final date for maintenance and monitoring. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. It is anticipated that post-closure costs will be paid out of the General Fund to the extent that funds are available with any excess costs being funded using long-term borrowings.

**Note 8. Employee Retirement System**

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

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

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

The county's contribution for FY 2021 was \$620,087, FY 2022 was \$666,074, and FY 2023 was \$674,712.

Nonhazardous

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

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

<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%

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

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

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

Benefits are covered under KRS 78.5536.

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

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

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

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

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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



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

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

Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report

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

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

**Note 9. Deferred Compensation**

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

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

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

**Note 10. Health Reimbursement Account**

The Hancock County Fiscal Court established a health reimbursement account (HRA) to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides \$3,000 each year towards the employee's deductible. Employees must pay \$2,000 of their deductible first, and once this has been done, they can request reimbursement up to \$3,000. The balance of the plan as of June 30, 2023, is \$2,022.

**Note 11. Insurance**

For the fiscal year ended June 30, 2023, the Hancock 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.

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

**Note 12. Conduit Debt**

From time to time, the county has issued bonds to provide financial assistance to 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 Hancock 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, 2023, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 13. Payroll Revolving Account**

The reconciled balance of the payroll revolving account in the amount of \$203,619 as of June 30, 2023, was added to the general fund cash balance for financial reporting purposes.

**Note 14. Contingencies**

The county is involved in a lawsuit. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

**Note 15. Prior Period Adjustments**

	General Fund	E-911 Fund
Ending Fund Balances Prior Year	\$ 6,634,433	\$ 570,658
Prior Year Wire Errors		(8,125)
Prior Year Voided Checks	5,018	
Beginning Fund Balances Restated	<u>\$ 6,639,451</u>	<u>\$ 562,533</u>

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

**For The Year Ended June 30, 2023**

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

**For The Year Ended June 30, 2023**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Taxes	\$ 4,673,247	\$ 4,719,247	\$ 6,573,626	\$ 1,854,379
In Lieu Tax Payments	7,600	7,600	7,595	(5)
Excess Fees	180,000	200,000	197,002	(2,998)
Licenses and Permits	16,100	16,100	36,056	19,956
Intergovernmental	449,080	449,080	271,787	(177,293)
Charges for Services	214,150	214,150	428,510	214,360
Miscellaneous	290,480	501,480	506,960	5,480
Interest	24,500	146,500	302,439	155,939
Total Receipts	<u>5,855,157</u>	<u>6,254,157</u>	<u>8,323,975</u>	<u>2,069,818</u>
<b>DISBURSEMENTS</b>				
General Government	1,861,661	2,217,972	1,931,662	286,310
Protection to Persons and Property	2,220,886	2,300,295	1,232,782	1,067,513
General Health and Sanitation	205,854	250,380	219,582	30,798
Social Services	209,571	233,711	187,847	45,864
Recreation and Culture	1,300,325	1,399,199	675,578	723,621
Airports	10,000	14,258	14,258	
Capital Projects	25,000	25,000		25,000
Administration	2,771,860	4,563,342	1,886,898	2,676,444
Total Disbursements	<u>8,605,157</u>	<u>11,004,157</u>	<u>6,148,607</u>	<u>4,855,550</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,750,000)</u>	<u>(4,750,000)</u>	<u>2,175,368</u>	<u>6,925,368</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>(812,400)</u>	<u>537,600</u>
Total Other Adjustments to Cash (Uses)	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>(812,400)</u>	<u>537,600</u>
Net Change in Fund Balance	<u>(4,100,000)</u>	<u>(6,100,000)</u>	<u>1,362,968</u>	<u>7,462,968</u>
Fund Balance - Beginning (Restated)	<u>4,100,000</u>	<u>6,100,000</u>	<u>6,639,451</u>	<u>539,451</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,002,419</u>	<u>\$ 8,002,419</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,219,043	\$ 1,251,043	\$ 980,151	\$ (270,892)
Miscellaneous	255,100	297,100	289,688	(7,412)
Interest	3,500	7,300	11,646	4,346
Total Receipts	<u>1,477,643</u>	<u>1,555,443</u>	<u>1,281,485</u>	<u>(273,958)</u>
<b>DISBURSEMENTS</b>				
Roads	\$ 2,050,482	\$ 2,145,380	\$ 1,765,109	\$ 380,271
Debt Service	292,000	292,000	152,528	139,472
Administration	545,661	608,563	221,225	387,338
Total Disbursements	<u>2,888,143</u>	<u>3,045,943</u>	<u>2,138,862</u>	<u>907,081</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,410,500)</u>	<u>(1,490,500)</u>	<u>(857,377)</u>	<u>633,123</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds	145,000	145,000	168,589	23,589
Transfers From Other Funds	<u>1,135,000</u>	<u>1,135,000</u>	<u>675,000</u>	<u>(460,000)</u>
Total Other Adjustments to Cash (Uses)	<u>1,280,000</u>	<u>1,280,000</u>	<u>843,589</u>	<u>(436,411)</u>
Net Change in Fund Balance	(130,500)	(210,500)	(13,788)	196,712
Fund Balance - Beginning	<u>130,500</u>	<u>210,500</u>	<u>210,887</u>	<u>387</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 197,099</u>	<u>\$ 197,099</u>

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

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 87,800	\$ 87,800	\$ 70,313	\$ (17,487)
Charges for Services	11,000	11,000	6,848	(4,152)
Miscellaneous	500	2,500	2,547	47
Interest	100	100	1,026	926
Total Receipts	99,400	101,400	80,734	(20,666)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	236,365	238,002	173,834	64,168
Administration	81,781	89,144	28,162	60,982
Total Disbursements	318,146	327,146	201,996	125,150
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(218,746)	(225,746)	(121,262)	104,484
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	215,000	215,000	135,000	(80,000)
Total Other Adjustments to Cash (Uses)	215,000	215,000	135,000	(80,000)
Net Change in Fund Balance	(3,746)	(10,746)	13,738	24,484
Fund Balance - Beginning	3,746	10,746	11,653	907
Fund Balance - Ending	\$ 0	\$ 0	\$ 25,391	\$ 25,391

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 39,003	\$ 39,003	\$ 31,094	\$ (7,909)
Interest	1,000	1,000	7,695	6,695
Total Receipts	40,003	40,003	38,789	(1,214)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	2,000	2,000	1,071	929
General Health and Sanitation	2,300	2,300	1,105	1,195
Social Services	14,950	13,184	6,950	6,234
Recreation and Culture	5,800	7,566	6,455	1,111
Roads	134,953	134,953		134,953
Total Disbursements	160,003	160,003	15,581	144,422
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(120,000)	(120,000)	23,208	143,208
Net Change in Fund Balance	(120,000)	(120,000)	23,208	143,208
Fund Balance - Beginning	120,000	120,000	170,544	50,544
Fund Balance - Ending	\$ 0	\$ 0	\$ 193,752	\$ 193,752



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

**COMMUNITY DEVELOPMENT BLOCK GRANTS FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 750,000	\$ 750,000	\$ 1,577	\$ (748,423)
Total Receipts	750,000	750,000	1,577	(748,423)
<b>DISBURSEMENTS</b>				
Social Services	750,000	750,000	3,977	746,023
Total Disbursements	750,000	750,000	3,977	746,023
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(2,400)	(2,400)
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			2,400	2,400
Total Other Adjustments to Cash (Uses)			2,400	2,400
Net Change in Fund Balance				
Fund Balance - Beginning			8	8
Fund Balance - Ending	\$ 0	\$ 0	\$ 8	\$ 8

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

	<b>E-911 FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 24,800	\$ 24,800	\$ 18,214	\$ (6,586)
Intergovernmental	210,000	210,000	161,833	(48,167)
Interest	3,200	15,200	25,991	10,791
Total Receipts	238,000	250,000	206,038	(43,962)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	253,000	259,557	107,619	151,938
Administration	335,000	560,443		560,443
Total Disbursements	588,000	820,000	107,619	712,381
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(350,000)	(570,000)	98,419	668,419
Net Change in Fund Balance	(350,000)	(570,000)	98,419	668,419
Fund Balance - Beginning (Restated)	350,000	570,000	562,533	(7,467)
Fund Balance - Ending	\$ 0	\$ 0	\$ 660,952	\$ 660,952

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

**CLERK STORAGE FEES FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 18,000	\$ 18,000	\$ 12,870	\$ (5,130)
Total Receipts	18,000	18,000	12,870	(5,130)
<b>DISBURSEMENTS</b>				
General Government	18,000	18,000	4,992	13,008
Total Disbursements	18,000	18,000	4,992	13,008
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			7,878	7,878
Net Change in Fund Balance			7,878	7,878
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 7,878	\$ 7,878

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

<b>AMERICAN RESCUE PLAN ACT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$	\$	\$ 263,000	\$ 263,000
Interest		42,000	51,449	9,449
Total Receipts		42,000	314,449	272,449
<b>DISBURSEMENTS</b>				
Protection to Persons and Property		1,648,137	1,606,138	41,999
Administration	1,699,927	93,790		93,790
Total Disbursements	1,699,927	1,741,927	1,606,138	135,789
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,699,927)	(1,699,927)	(1,291,689)	408,238
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(50,000)	(50,000)
Total Other Adjustments to Cash (Uses)			(50,000)	(50,000)
Net Change in Fund Balance	(1,699,927)	(1,699,927)	(1,341,689)	358,238
Fund Balance - Beginning	1,699,927	1,699,927	1,703,788	3,861
Fund Balance - Ending	\$ 0	\$ 0	\$ 362,099	\$ 362,099

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

<b>OPIOID SETTLEMENT FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$ 46,265	\$ 46,266	\$ 1
Interest			23	23
Total Receipts		46,265	46,289	24
<b>DISBURSEMENTS</b>				
Administration		46,265		46,265
Total Disbursements		46,265		46,265
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			46,289	46,289
Net Change in Fund Balance			46,289	46,289
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 46,289	\$ 46,289

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

**June 30, 2023**

**Note 1. Budgetary Information**

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

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

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

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

Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (812,400)
To adjust for the Payroll Revolving Account	<u>203,619</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u><u>\$ (608,781)</u></u>
 Fund Balance - Ending -Budgetary Basis	 \$ 8,002,419
To adjust for the Payroll Revolving Account	<u>203,619</u>
Total Debt Service - Regulatory Basis	<u><u>\$ 8,206,038</u></u>

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

**For The Year Ended June 30, 2023**

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

**For The Year Ended June 30, 2023**

The fiscal court reports the following Schedule of Capital Assets:

	(Restated*) Beginning Balance	Additions	Deletions	Ending Balance
Land and Building	\$ 16,538,369	\$	\$	\$ 16,538,369
Vehicles and Equipment*	4,097,816	304,477		4,402,293
Other Equipment*	3,723,122	387,357		4,110,479
Infrastructure	8,315,406	621,320		8,936,726
 Total Capital Assets	 \$ 32,674,713	 \$ 1,313,154	 \$ 0	 \$ 33,987,867

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

**June 30, 2023**

**Note 1. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 25,000	10-25
Buildings and Building Improvements	\$ 10,000	10-40
Machinery and Equipment	\$ 5,000	5-10
Vehicles	\$ 7,500	5-10
Infrastructure - Bridges	\$ 5,000	10-50
Infrastructure - Roads	\$ 10,000	10-25

**Note 2. Restatement of Capital Assets Beginning Balances**

Vehicles and equipment and other equipment beginning balances were restated by \$125,948 and \$84,590, respectively for omitted items.

**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 Johnny W. Roberts, Jr., Hancock County Judge/Executive  
Members of the Hancock 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 Hancock County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Hancock County Fiscal Court's financial statement and have issued our report thereon dated February 24, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002, and 2023-003 to be material weaknesses.



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

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Hancock County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Responses as items 2023-001 and 2023-003.

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

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

**Purpose of this Report**

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

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

February 24, 2025

**HANCOCK COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2023**

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**HANCOCK COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2023**

FINANCIAL STATEMENT FINDINGS:

2023-001 The Hancock County Fiscal Court Lacks Internal Controls Over Disbursements

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This is a repeat finding and was included in the prior year audit report as finding 2022-001. The Hancock County Fiscal Court does not have adequate internal controls over disbursements. Auditors noted the following control deficiencies:

- Thirty-two disbursements, totaling \$1,119,219, were noted in which the purchase orders were not issued until after the expenses had been incurred.
- One disbursement, totaling \$147,994, was omitted from the claims list and thus was not approved by the fiscal court.

The fiscal court failed to establish appropriate internal controls over issuance of purchase orders. Also, according to the county treasurer, the disbursement that did not get approved by the fiscal court was omitted from the claims list due to an oversight. A lack of internal controls over disbursements could result in inaccurate financial reporting, misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court.

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, including required purchasing procedures for counties. According to a memorandum from the Department for Local Government (DLG) dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget." Furthermore, DLG highly recommends that counties accept the practice of issuing purchase orders for payroll and utility claims.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements."

KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires."

An effective purchase order system is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Moreover, implementation of strong internal controls over disbursements is necessary to prevent misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court.

We recommend the Hancock County Fiscal Court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made. We also recommend the fiscal court ensure all claims are presented to the fiscal court prior to payment.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: We will monitor this more closely.*

**HANCOCK COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

**2023-002    The Hancock County Fiscal Court Did Not Perform A Reconciliation Between Third Party Vendor  
 And Internal Documents For Ambulance Collections**

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The Hancock County Emergency Medical Services uses Ambulance Medical Billing (AMB) as a third-party vendor to complete billing services and accounts receivable management for ambulance runs made by the county ambulance service.

According to the Emergency Management Agency (EMA) director, he visually compares the third-party vendor's claims to the county's internal documentation of billable runs conducted. However, no written reconciliations exist. According to the county treasurer, she does not receive reconciliations from the EMA director. Therefore, she compares her bank reconciliations of the E-911 Account to the reconciliation from AMB. By not performing written reconciliations of ambulance runs, the Hancock County Fiscal Court is creating a risk that it will be improperly compensated for the ambulance runs. Additionally, the risk of material misstatement on the Fourth Quarter Financial Statement is increased.

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." Performing written reconciliations of ambulance runs is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the Hancock County Fiscal Court require written reconciliations of ambulance runs made by the county to the monthly invoices received from the third-party vendor to ensure the fiscal court is receiving proper compensation for services performed.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The EMA Director will be required to reconcile the Ambulance runs reports with the Third-Party Vendor's report to ensure the allowable runs are being billed and receipted correctly.*

**2023-003    The Hancock County Fiscal Court Lacks Adequate Controls Over Receipts**

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The Hancock County Fiscal Court does not have internal controls over receipts. During receipts testing, the following issues were noted:

- Of the 44 Occupational Tax Returns tested, receipts from 33 returns, totaling \$2,246,436, were not promptly deposited. In addition, receipts from two Net Profit Tax Returns, totaling \$10,948, were not promptly deposited.
- Collections from the senior center, animal shelter, and parks and recreation are not deposited daily.
- Pre-numbered receipts are not issued for monies collected at the senior center.

According to the occupational tax administrator, a limited number of staff and a high volume of tax returns received creates delays in getting the tax returns processed. As a result, occupational tax and net profit tax collections are not deposited timely. According to the county treasurer, decentralized locations such as the senior center, animal shelter, and parks department are managed by persons other than the financial staff of the county. Collections from these offsite locations are not deposited daily due to the staff's availability to bring the collections to the treasurer's office.

**HANCOCK COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-003 The Hancock County Fiscal Court Lacks Adequate Controls Over Receipts (Continued)

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Additionally, pre-numbered receipts are not issued at the senior center because it is not feasible for the drivers to write up a receipt to issue. Since pre-numbered receipts are not issued for all receipt transactions, and since funds are not deposited into a federally insured financial institution on a daily basis, the fiscal court has created the opportunity for misappropriation of assets and inaccurate financial reporting.

According to KRS 68.210, the State Local Finance Officer shall prescribe minimum accounting standards, including performing daily check-out procedures and making daily deposits intact to a federally insured banking institution.

KRS 64.840 requires all governmental officials handling public funds to issue a three-part, pre-numbered receipt. KRS 64.840(2) states, “[o]ne (1) copy of the receipt shall be given to the person paying the fine, forfeiture, tax, or fee and one (1) copy shall be retained by the official for his own records. One (1) copy of the receipt shall be retained by the official to be placed with the daily bank deposit.”

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.” Issuing pre-numbered receipts, performing daily checkout procedures, and making daily deposits are basic internal controls necessary to ensure the accuracy and reliability of financial reports. Furthermore, these controls are vital in ensuring that funds collected are not left vulnerable to misappropriation or loss.

We recommend the Hancock County Fiscal Court strengthen internal controls over decentralized collection sites. We recommend the fiscal court require pre-numbered receipts be issued for all transactions and require the monies and supporting documentation be turned over to the finance office every day. We also recommend that all receipts be deposited daily.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: We are aware of this and will focus on making daily deposits when feasible. When not feasible, we will ensure that compensating controls are in place to secure receipts.*

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

**HANCOCK COUNTY FISCAL COURT**

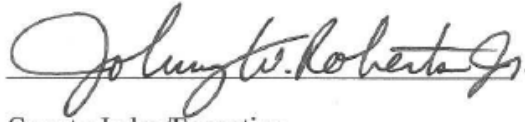
**For The Year Ended June 30, 2023**

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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

A handwritten signature in black ink, reading "J. L. Roberts Jr.", written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, reading "Melissa Johnson", written over a horizontal line.

County Treasurer