

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

**For The Year Ended  
June 30, 2025**



**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 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, 2025, 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, 2025, 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, 2025, 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 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  
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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.

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

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)***

- 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.

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.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026, 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.

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

- 2025-001 The Hancock County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained
- 2025-002 The Hancock County Fiscal Court Lacks Internal Controls Over Disbursements
- 2025-003 The Hancock County Fiscal Court Failed To Implement Sufficient Internal Controls Over Their Service Organization's Collection Of Ambulance Receipts
- 2025-004 The Hancock County Fiscal Court Failed To Implement Adequate Internal Controls Over Receipts

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 17, 2026

**HANCOCK COUNTY OFFICIALS****For The Year Ended June 30, 2025****Fiscal Court Members:**

Johnny W. Roberts, Jr.	County Judge/Executive
John M. Gray	Magistrate
Darrell Wall	Magistrate (Resigned 11/7/2024)
Kasey Emmick	Magistrate
Gary Baker	Magistrate
Brent Wigginton	Magistrate (Elected 11/7/2024)

**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 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, 2025**

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

**For The Year Ended June 30, 2025**

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 6,189,701	\$	\$
In Lieu Tax Payments	7,595		
Excess Fees	287,511		
Licenses and Permits	26,279		
Intergovernmental	449,866	1,465,123	83,910
Charges for Services	569,072		7,428
Miscellaneous	842,358	241,940	
Interest	342,308	15,313	1,818
Total Receipts	<u>8,714,690</u>	<u>1,722,376</u>	<u>93,156</u>
<b>DISBURSEMENTS</b>			
General Government	2,575,550		
Protection to Persons and Property	1,653,150		222,664
General Health and Sanitation	318,634		
Social Services	180,071		
Recreation and Culture	1,976,906		
Roads		2,296,621	
Airports	13,803		
Debt Service		207,843	
Capital Projects	1,250		
Administration	1,816,940	217,682	28,383
Total Disbursements	<u>8,536,304</u>	<u>2,722,146</u>	<u>251,047</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>178,386</u>	<u>(999,770)</u>	<u>(157,891)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds		416,267	
Transfers From Other Funds	25,691	480,000	135,000
Transfers To Other Funds	(929,959)		
Total Other Adjustments to Cash (Uses)	<u>(904,268)</u>	<u>896,267</u>	<u>135,000</u>
Net Change in Fund Balance	(725,882)	(103,503)	(22,891)
Fund Balance - Beginning (Restated)	<u>7,815,272</u>	<u>225,103</u>	<u>44,833</u>
Fund Balance - Ending	<u>\$ 7,089,390</u>	<u>\$ 121,600</u>	<u>\$ 21,942</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 7,472,571	\$ 122,643	\$ 21,942
Less: Outstanding Checks	<u>(383,181)</u>	<u>(1,043)</u>	
Fund Balance - Ending	<u>\$ 7,089,390</u>	<u>\$ 121,600</u>	<u>\$ 21,942</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, 2025**  
**(Continued)**

Budgeted Funds						
Local Government Economic Assistance Fund	Community Development Block Grant Fund	E-911 Fund	Clerk SB 135 Fund	Local Assistance And Tribal Consistency Fund	American Rescue Plan Act Fund	Opioid Settlement Fund
\$	\$	\$ 14,476	\$	\$	\$	\$
19,937	67,051	185,003				
			14,841			28,814
10,512		33,021		2,068	16,717	225
<u>30,449</u>	<u>67,051</u>	<u>232,500</u>	<u>14,841</u>	<u>2,068</u>	<u>16,717</u>	<u>29,039</u>
			820			
1,137		167,143		107,000	651,338	
1,580						
3,000	439,330					
4,909						
<u>10,626</u>	<u>439,330</u>	<u>167,143</u>	<u>820</u>	<u>107,000</u>	<u>651,338</u>	
19,823	(372,279)	65,357	14,021	(104,932)	(634,621)	29,039
	314,959					
	(25,000)			(691)		
	<u>289,959</u>			<u>(691)</u>		
19,823	(82,320)	65,357	14,021	(105,623)	(634,621)	29,039
219,557	82,315	690,473	23,268	105,623	656,649	94,498
<u>\$ 239,380</u>	<u>\$ (5)</u>	<u>\$ 755,830</u>	<u>\$ 37,289</u>	<u>\$ 0</u>	<u>\$ 22,028</u>	<u>\$ 123,537</u>
\$ 240,235	\$ (5)	\$ 755,830	\$ 37,289	\$	\$ 22,028	\$ 123,537
(855)						
<u>\$ 239,380</u>	<u>\$ (5)</u>	<u>\$ 755,830</u>	<u>\$ 37,289</u>	<u>\$ 0</u>	<u>\$ 22,028</u>	<u>\$ 123,537</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, 2025**  
**(Continued)**

	<u>Unbudgeted Fund</u>	
	<b>Public Improvement Corporation Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>		
Taxes	\$	\$ 6,204,177
In Lieu Tax Payments		7,595
Excess Fees		287,511
Licenses and Permits		26,279
Intergovernmental	852,144	3,123,034
Charges for Services		576,500
Miscellaneous		1,127,953
Interest		421,982
Total Receipts	<u>852,144</u>	<u>11,775,031</u>
<b>DISBURSEMENTS</b>		
General Government		2,576,370
Protection to Persons and Property		2,802,432
General Health and Sanitation		320,214
Social Services		622,401
Recreation and Culture		1,981,815
Roads		2,296,621
Airports		13,803
Debt Service	852,144	1,059,987
Capital Projects		1,250
Administration		2,063,005
Total Disbursements	<u>852,144</u>	<u>13,737,898</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(1,962,867)</u>
<b>Other Adjustments to Cash (Uses)</b>		
Financing Obligation Proceeds		416,267
Transfers From Other Funds		955,650
Transfers To Other Funds		<u>(955,650)</u>
Total Other Adjustments to Cash (Uses)		<u>416,267</u>
Net Change in Fund Balance		(1,546,600)
Fund Balance - Beginning (Restated)		<u>9,957,591</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 8,410,991</u>
<b>Composition of Fund Balance</b>		
Bank Balance	\$	\$ 8,796,070
Less: Outstanding Checks		<u>(385,079)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 8,410,991</u>

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

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**HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2025**

**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, they no longer are required components of the reporting entity. An audit of the entity referenced above can be obtained from the Hancock County Fiscal Court: 225 Main Cross Street, Hawesville, Kentucky, 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, 2025**  
**(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 (CDBG) - 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 911 telephone surcharge.

Clerk SB 135 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.

Local Assistance and Tribal Consistency Fund (LATC)- The primary purpose of this fund is to account for receipts and disbursements of the Local Assistance and Tribal Consistency fund. The primary sources of receipts for this fund are grants from the federal grant.

American Rescue Plan Act Fund (ARPA) - The primary purpose of this fund is to account for activity related to the American Rescue Plan Act grant receipts and disbursements. The primary source 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. Receipts of this fund are received from the state as a result of the state's agreement with major opioid manufacturer and distributors.

**Unbudgeted Fund**

The fiscal court reports the following unbudgeted fund:

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, 2025**  
**(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, 2025**  
**(Continued)**

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

**G. Long-term Obligations**

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

**H. Jointly Governed Organization**

Regional governments or other multi-governmental arrangements that are governed by representatives from each of the governments that created the organizations but are not joint ventures because the participants do not retain an ongoing financial interest or responsibility. Based on this criteria, the Hancock County Urban Planning Commission is considered a jointly governed organization of the Hancock County Fiscal Court.

**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 DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2025, 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 2025.

	General Fund	CDBG Fund	LATCF Fund	Total Transfers In
General Fund	\$	\$ 25,000	\$ 691	\$ 25,691
Road Fund	480,000			480,000
Jail Fund	135,000			135,000
CDBG Fund	314,959			314,959
Total Transfers Out	<u>\$ 929,959</u>	<u>\$ 25,000</u>	<u>\$ 691</u>	<u>\$ 955,650</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, 2025**  
**(Continued)**

**Note 4. Assets Held For Resale**

	Beginning Balance	Additions	Reductions	Ending Balance
Assets Held for Resale	\$ 191,924	\$ 416,267	\$ 191,924	\$ 416,267
Total	<u>\$ 191,924</u>	<u>\$ 416,267</u>	<u>\$ 191,924</u>	<u>\$ 416,267</u>

**Note 5. Commitments – Lease Agreements**

**Leases – Lessor**

The Hancock County Fiscal Court was committed to the following lease agreements as lessor as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Value of Payments During FY	Balance June 30, 2025
Mulzer Crushed Stone, Inc.	7/31/2020	5 years	Annually	7/31/2025	\$ 20,680	\$ 10,000
GNTT Holdings, LLC	7/20/2020	Open Ended	Monthly	Open Ended	\$ 37,861	N/A
Administrative Office of the Courts	5/17/2017	12 years	Annually	2/1/2029	\$ 852,144	\$ 3,400,153

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Ambulance**

The Hancock County Fiscal Court borrowed \$200,000 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 five-year repayment schedule (final payment due December 15, 2028) with an interest rate of 3.17%. The note is secured by, but not limited to, the 2022 ambulance. In the event of a default, the bank has the right to repossess the ambulance. As of June 30, 2025, the principal balance was \$163,031. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$ 38,870	\$ 5,168
2027	40,102	3,936
2028	41,374	2,665
2029	<u>42,685</u>	<u>1,353</u>
Totals	<u>\$ 163,031</u>	<u>\$ 13,122</u>

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

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

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

**2. Mack Truck Lease**

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 21, 2023. The lease is for \$191,924 at a 6.49% interest rate. Interest payments are due by the 20th of each month for 17 months. In the event of default, the lessor has the right to terminate the lease term and give notice to vacate the property or recover lease payments which would otherwise have been payable, as well as exercise any other right, remedy or privilege which may be applicable by law, subject to the limitation contained in the lease. As of June 30, 2025, the principal balance was \$0.

**3. Mack Truck Lease**

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 22, 2024. The lease is for \$194,888 at a 5.76% interest rate. Interest payments are due by the 20th of each month for 36 months. In the event of default, the lessor has the right to terminate the lease term and give notice to vacate the property or recover lease payments which would otherwise have been payable, as well as exercise any other right, remedy or privilege which may be applicable by law, subject to the limitation contained in the lease. As of June 30, 2025, the principal balance was \$194,888. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$	\$ 11,226
2027		11,226
2028	194,888	3,742
Totals	<u>\$ 194,888</u>	<u>\$ 26,194</u>

**4. Mack Truck Lease**

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 February 27, 2025. The lease is for \$221,379 at a 5.25% interest rate. Interest payments are due by the 20th of each month for 18 months. In the event of default, the lessor has the right to terminate the lease term and give notice to vacate the property or recover lease payments which would otherwise have been payable, as well as exercise any other right, remedy or privilege which may be applicable by law, subject to the limitation contained in the lease. As of June 30, 2025, the principal balance was \$221,379. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$	\$ 11,622
2027	221,379	2,906
Totals	<u>\$ 221,379</u>	<u>\$ 14,528</u>

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

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

**B. Other Debt**

**1. Hancock County Public Improvement Corporation Lease Revenue Refunding Bond (Judicial Center Project), 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 default, the mortgage will be enforced. As of June 30, 2025, the principal balance was \$3,252,790. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$ 784,451	\$ 63,793
2027	802,142	46,102
2028	823,467	27,977
2029	<u>842,730</u>	<u>9,515</u>
Totals	<u>\$ 3,252,790</u>	<u>\$ 147,387</u>

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

Long-term Debt activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 391,924	\$ 416,267	\$ 228,893	\$ 579,298	\$ 38,870
Other Debt	<u>4,023,799</u>		<u>771,009</u>	<u>3,252,790</u>	<u>784,451</u>
Total Long-term Debt	<u>\$ 4,415,723</u>	<u>\$ 416,267</u>	<u>\$ 999,902</u>	<u>\$ 3,832,088</u>	<u>\$ 823,321</u>

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

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

**D. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations on June 30, 2025, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2026	\$ 784,451	\$ 63,793	\$ 38,870	\$ 28,016
2027	802,142	46,102	261,482	18,067
2028	823,467	27,977	236,261	6,407
2029	842,730	9,514	42,685	1,353
Totals	<u>\$ 3,252,790</u>	<u>\$ 147,386</u>	<u>\$ 579,298</u>	<u>\$ 53,843</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. Estimated final date for maintenance and monitoring is July 2028. Estimated post-closure care costs total \$52,710 as of June 30, 2025, or \$17,570 per year. 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). 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 2023 was \$674,712, FY 2024 was \$638,726, and FY 2025 was \$555,599.

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.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

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

Nonhazardous (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5% 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 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 19.71%.

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.

Benefits are covered under KRS 78.5536.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

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

Other Post-Employment Benefits (OPEB) (Continued)

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

Once members reach a minimum vesting period of 15 years, they earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5%. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

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

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

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

F. Annual Financial Report and Proportionate Share Audit Report

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 may also be obtained online at <https://kyret.ky.gov>.

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.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**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, 2025, is \$560.

**Note 11. Insurance**

For the fiscal year ended June 30, 2025, 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.

**Note 12. Conduit Debt**

From time to time, the county has issued bonds to provide financial assistance to entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the 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, 2025, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2025**  
**(Continued)**

**Note 13. Prior Period Adjustments**

	<u>General Fund</u>
Ending Fund Balance - Prior Year	\$ 8,015,127
Payroll Revolving Account	(200,015)
Prior Year Voided Checks	<u>160</u>
Beginning Fund Balance Restated	<u>\$ 7,815,272</u>

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

**For The Year Ended June 30, 2025**

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

**For The Year Ended June 30, 2025**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 4,685,947	\$ 4,758,947	\$ 6,189,701	\$ 1,430,754
In Lieu Tax Payments	7,600	7,600	7,595	(5)
Excess Fees	164,500	286,500	287,511	1,011
Licenses and Permits	15,500	15,500	26,279	10,779
Intergovernmental	449,900	455,412	449,866	(5,546)
Charges for Services	325,600	439,600	569,072	129,472
Miscellaneous	367,000	526,000	842,358	316,358
Interest	185,000	262,300	342,308	80,008
Total Receipts	<u>6,201,047</u>	<u>6,751,859</u>	<u>8,714,690</u>	<u>1,962,831</u>
<b>DISBURSEMENTS</b>				
General Government	2,655,750	2,810,373	2,575,550	234,823
Protection to Persons and Property	1,439,608	1,850,208	1,653,150	197,058
General Health and Sanitation	212,944	337,890	318,634	19,256
Social Services	234,461	243,557	180,071	63,486
Recreation and Culture	1,905,122	2,162,528	1,976,906	185,622
Airports	15,000	15,000	13,803	1,197
Capital Projects	25,000	25,000	1,250	23,750
Administration	4,197,682	5,591,575	1,816,940	3,774,635
Total Disbursements	<u>10,685,567</u>	<u>13,036,131</u>	<u>8,536,304</u>	<u>4,499,827</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,484,520)</u>	<u>(6,284,272)</u>	<u>178,386</u>	<u>6,462,658</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			25,691	25,691
Transfers To Other Funds	(1,515,480)	(1,515,480)	(929,959)	585,521
Total Other Adjustments to Cash (Uses)	<u>(1,515,480)</u>	<u>(1,515,480)</u>	<u>(904,268)</u>	<u>611,212</u>
Net Change in Fund Balance	(6,000,000)	(7,799,752)	(725,882)	7,073,870
Fund Balance - Beginning (Restated)	6,000,000	7,800,000	7,815,272	15,272
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 248</u>	<u>\$ 7,089,390</u>	<u>\$ 7,089,142</u>

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,189,405	\$ 1,473,605	\$ 1,465,123	\$ (8,482)
Miscellaneous	255,100	265,100	241,940	(23,160)
Interest	6,000	13,000	15,313	2,313
Total Receipts	<u>1,450,505</u>	<u>1,751,705</u>	<u>1,722,376</u>	<u>(29,329)</u>
<b>DISBURSEMENTS</b>				
Roads	2,064,594	2,286,722	2,296,621	(9,899)
Debt Service	297,500	300,920	207,843	93,077
Administration	645,664	721,316	217,682	503,634
Total Disbursements	<u>3,007,758</u>	<u>3,308,958</u>	<u>2,722,146</u>	<u>586,812</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,557,253)</u>	<u>(1,557,253)</u>	<u>(999,770)</u>	<u>557,483</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds	145,000	145,000	416,267	271,267
Transfers From Other Funds	1,062,253	1,062,253	480,000	(582,253)
Total Other Adjustments to Cash (Uses)	<u>1,207,253</u>	<u>1,207,253</u>	<u>896,267</u>	<u>(310,986)</u>
Net Change in Fund Balance	(350,000)	(350,000)	(103,503)	246,497
Fund Balance - Beginning	<u>350,000</u>	<u>350,000</u>	<u>225,103</u>	<u>(124,897)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 121,600</u>	<u>\$ 121,600</u>

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 87,600	\$ 87,900	\$ 83,910	\$ (3,990)
Charges for Services	8,500	8,500	7,428	(1,072)
Miscellaneous	500	500		(500)
Interest	500	1,400	1,818	418
Total Receipts	<u>97,100</u>	<u>98,300</u>	<u>93,156</u>	<u>(5,144)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	267,636	271,232	222,664	48,568
Administration	74,464	101,868	28,383	73,485
Total Disbursements	<u>342,100</u>	<u>373,100</u>	<u>251,047</u>	<u>122,053</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(245,000)</u>	<u>(274,800)</u>	<u>(157,891)</u>	<u>116,909</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	230,000	230,000	135,000	(95,000)
Total Other Adjustments to Cash (Uses)	<u>230,000</u>	<u>230,000</u>	<u>135,000</u>	<u>(95,000)</u>
Net Change in Fund Balance	(15,000)	(44,800)	(22,891)	21,909
Fund Balance - Beginning	<u>15,000</u>	<u>44,800</u>	<u>44,833</u>	<u>33</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,942</u>	<u>\$ 21,942</u>

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 19,937	\$ (10,063)
Interest	3,500	8,500	10,512	2,012
Total Receipts	<u>33,500</u>	<u>38,500</u>	<u>30,449</u>	<u>(8,051)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	2,000	2,000	1,137	863
General Health and Sanitation	2,300	2,300	1,580	720
Social Services	18,950	18,950	3,000	15,950
Recreation and Culture	5,800	5,859	4,909	950
Administration	149,450	228,391		228,391
Total Disbursements	<u>178,500</u>	<u>257,500</u>	<u>10,626</u>	<u>246,874</u>
Net Change in Fund Balance	(145,000)	(219,000)	19,823	238,823
Fund Balance - Beginning	<u>145,000</u>	<u>219,000</u>	<u>219,557</u>	<u>557</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 239,380</u>	<u>\$ 239,380</u>

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 403,253	\$ 403,253	\$ 67,051	\$ (336,202)
Total Receipts	<u>403,253</u>	<u>403,253</u>	<u>67,051</u>	<u>(336,202)</u>
<b>DISBURSEMENTS</b>				
Social Services	681,855	681,855	439,330	242,525
Total Disbursements	<u>681,855</u>	<u>681,855</u>	<u>439,330</u>	<u>242,525</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(278,602)</u>	<u>(278,602)</u>	<u>(372,279)</u>	<u>(93,677)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	173,226	173,226	314,959	141,733
Transfers To Other Funds			(25,000)	(25,000)
Total Other Adjustments to Cash (Uses)	<u>173,226</u>	<u>173,226</u>	<u>289,959</u>	<u>116,733</u>
Net Change in Fund Balance	(105,376)	(105,376)	(82,320)	23,056
Fund Balance - Beginning	<u>105,376</u>	<u>105,376</u>	<u>82,315</u>	<u>(23,061)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5)</u>	<u>\$ (5)</u>

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

	<b>E-911 FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 15,000	\$ 15,000	\$ 14,476	\$ (524)
Intergovernmental	120,000	143,000	185,003	42,003
Interest	18,000	33,600	33,021	(579)
Total Receipts	<u>153,000</u>	<u>191,600</u>	<u>232,500</u>	<u>40,900</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	153,000	344,430	167,143	177,287
Administration	406,500	536,670		536,670
Total Disbursements	<u>559,500</u>	<u>881,100</u>	<u>167,143</u>	<u>713,957</u>
Net Change in Fund Balance	(406,500)	(689,500)	65,357	754,857
Fund Balance - Beginning	<u>406,500</u>	<u>689,500</u>	<u>690,473</u>	<u>973</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 755,830</u>	<u>\$ 755,830</u>

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

<b>CLERK SB 135 FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 13,000	\$ 13,000	\$ 14,841	\$ 1,841
Total Receipts	13,000	13,000	14,841	1,841
<b>DISBURSEMENTS</b>				
General Government	30,000	36,000	820	35,180
Total Disbursements	30,000	36,000	820	35,180
Net Change in Fund Balance	(17,000)	(23,000)	14,021	37,021
Fund Balance - Beginning	17,000	23,000	23,268	268
Fund Balance - Ending	\$ 0	\$ 0	\$ 37,289	\$ 37,289

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

**LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND**

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 20	\$	\$ (20)
Interest	2,500	2,500	2,068	(432)
Total Receipts	<u>2,500</u>	<u>2,520</u>	<u>2,068</u>	<u>(452)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property Administration		107,020	107,000	20
Total Disbursements	<u>106,752</u>	<u>107,020</u>	<u>107,000</u>	<u>20</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(104,252)</u>	<u>(104,500)</u>	<u>(104,932)</u>	<u>(432)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(691)	(691)
Total Other Adjustments to Cash (Uses)			<u>(691)</u>	<u>(691)</u>
Net Change in Fund Balance	(104,252)	(104,500)	(105,623)	(1,123)
Fund Balance - Beginning	<u>104,252</u>	<u>104,252</u>	<u>105,623</u>	<u>1,371</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (248)</u>	<u>\$ 0</u>	<u>\$ 248</u>

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

<b>AMERICAN RECUE PLAN ACT FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$	\$ 16,400	\$ 16,717	\$ 317
Total Receipts		16,400	16,717	317
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	662,066	722,966	651,338	71,628
Total Disbursements	662,066	722,966	651,338	71,628
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(662,066)	(706,566)	(634,621)	71,945
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	50,000	50,000		(50,000)
Total Other Adjustments to Cash (Uses)	50,000	50,000		(50,000)
Net Change in Fund Balance	(612,066)	(656,566)	(634,621)	21,945
Fund Balance - Beginning	612,066	656,566	656,649	83
Fund Balance - Ending	\$ 0	\$ 0	\$ 22,028	\$ 22,028

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2025**  
**(Continued)**

**OPIOID SETTLEMENT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 8,000	\$ 8,000	\$ 28,814	\$ 20,814
Interest	100	100	225	125
Total Receipts	<u>8,100</u>	<u>8,100</u>	<u>29,039</u>	<u>20,939</u>
<b>DISBURSEMENTS</b>				
Administration	61,438	61,438		61,438
Total Disbursements	<u>61,438</u>	<u>61,438</u>		<u>61,438</u>
Net Change in Fund Balance	(53,338)	(53,338)	29,039	82,377
Fund Balance - Beginning	<u>53,338</u>	<u>53,338</u>	<u>94,498</u>	<u>41,160</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 123,537</u>	<u>\$ 123,537</u>

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

**June 30, 2025**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Excess of Disbursements Over Appropriations**

The Road Fund, roads line-item exceeded budgeted appropriations by \$9,899.

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

**For The Year Ended June 30, 2025**

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

**For The Year Ended June 30, 2025**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Buildings	\$ 17,802,996	\$ 1,923,750	\$	\$ 19,726,746
Vehicles	4,482,024	119,511		4,601,535
Other Equipment	7,184,508	1,533,959		8,718,467
Infrastructure	9,565,737	763,529		10,329,266
 Total Capital Assets	 <u>\$ 39,035,265</u>	 <u>\$ 4,340,749</u>	 <u>\$ 0</u>	 <u>\$ 43,376,014</u>

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

**June 30, 2025**

**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	10-25
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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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, 2025, 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 March 17, 2026.

**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 2025-001, 2025-002, 2025-003, and 2025-004 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 2025-001, 2025-002, and 2025-004.

**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

March 17, 2026

**HANCOCK COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2025**

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**HANCOCK COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2025**

2025-001 The Hancock County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained

---

Condition and Context

On October 22, 2024 and February 27, 2025, the Hancock County Fiscal Court entered into two lease agreements with the Kentucky Association of Counties Leasing Trust (KACoLT) for \$194,888 and \$221,379; respectively, for the purchase of two Mack trucks. These lease proceeds were paid directly to the vendors for the purchase of the two Mack trucks. Therefore, these proceeds were not included in the county's financial statement as budgeted borrowed money or as a budgeted disbursement for fiscal year ended June 30, 2025. This also resulted in the roads budgeted line-item being overspent by \$9,899.

Cause

The Hancock County Fiscal Court failed to implement a strong internal control system or provide proper oversight to ensure complete and accurate accounting records were maintained, and instead relied on a single person without adequate oversight.

Effect

Due to the lack of oversight by the fiscal court, the fourth quarter financial report was materially misstated. Additionally, the fiscal court was unable to properly budget and plan for the following fiscal year due to inaccurate financial information being presented.

Criteria

KRS 68.020 states that “[t]he county treasurer shall receive and receipt for all money due the county from its collecting officers or from any other person whose duty it is to pay money into the county treasury, and shall disburse such money in such manner and for such purpose as may be authorized by appropriate authority of the fiscal court. ... All warrants for the payment of funds from the county treasury shall be co-signed by the county treasurer and the county judge/executive[.]”

KRS 68.110(1) forbids expenditures in excess of revenues and states, “[t]he fiscal court shall not in any year expend any money in excess of the amount annually levied and collected for that year or levied, collected or appropriated for any special purpose.”

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

Recommendations

We recommend that the Hancock County Fiscal Court strengthen oversight and internal controls in order to ensure complete and accurate accounting records are maintained, as well as ensuring there is appropriate budget available.

**HANCOCK COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2025**  
**(Continued)**

2025-001 The Hancock County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained (Continued)

---

Views of Responsible Official and Planned Corrective Action

*County Judge/Executive's Response: In regards to the KACo Leases, these are funds that are not physically "received" or "expended" by the Treasurer through the accounting system. We have reached out to KACo about possibly having the check issued to Hancock County and we would then disperse the funds to the vendor. With this, the transactions in the system will be made on the receipt and expenditure dates.*

2025-002 The Hancock County Fiscal Court Lacks Internal Controls Over Disbursements

---

Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-001. The Hancock County Fiscal Court does not have adequate internal controls over disbursements. We tested 31 transactions totaling \$4,623,434, which resulted in the following issues:

- Twenty disbursements totaling \$4,219,036 had a purchase order that was issued after the invoice had been received.
- The fiscal court did not properly advertise for bids prior to entering into a cleaning services contract for the judicial center and annex building, which totaled \$50,500.
- The \$3,200 paid for snow removal did not agree to the accepted bid amount of \$2,325.
- Of the \$2,180 in credit card transactions that were tested, one transaction in the amount of \$16 was missing proper supporting documentation.

Cause

The fiscal court failed to establish appropriate internal controls over issuance of purchase orders. According to the county treasurer the fiscal court has never implemented a true purchase order system. Additionally, according to the administrative assistant, the fiscal court did not advertise for bids for cleaning services but rather renewed the existing contract with the previous vendor.

Effect

The issues noted above resulted in the county not being in compliance with state laws and its own administrative code. These internal control weaknesses could also result in line-items being over budget, claims being paid which are not valid obligations of the fiscal court, cash flows problems, and misappropriation of assets. Additionally, by not advertising for bids, the county may not have received the best price for goods or services and was in noncompliance with its own administrative code. Lastly, the fiscal court paid \$875 more for snow removal than the accepted bid.

**HANCOCK COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2025  
(Continued)**

2025-002 The Hancock County Fiscal Court Lacks Internal Controls Over Disbursements (Continued)

Criteria

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.

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* states, “[p]urchase requests shall not be approved in an amount that exceeds the available line-item appropriation unless the necessary and appropriate transfers have been made.”

Additionally, 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. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*.”

KRS 424.260(1) states, “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for: (a) Materials; (b) Supplies, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits; (c) Equipment; or (d) Contractual services other than professional; involving an expenditure of more than forty thousand dollars (\$40,000) without first making newspaper advertisement for bids.”

Likewise, the Hancock County Fiscal Court’s administrative code states, “[a]ny expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than forty thousand dollars (\$40,000) shall be subject to competitive bidding. (Adopted to follow state code).”

Recommendations

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 implement internal controls to ensure all purchases of more than \$40,000 are properly procured, as well as ensure the accepted bid amount is paid to vendors.

Views of Responsible Official and Planned Corrective Action

*County Judge/Executive’s Response: We will strengthen our internal controls for purchase orders and bids and monitor this more closely.*

**HANCOCK COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2025**  
**(Continued)**

2025-003 The Hancock County Fiscal Court Failed To Implement Sufficient Internal Controls Over Their Service Organization's Collection Of Ambulance Receipts

---

Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-002. The fiscal court failed to oversee the ambulance billing service organization that handles all the billing and receipt collections for the Hancock County Ambulance Service. In the fiscal year ended June 30, 2025, the amount of ambulance receipts reported on the quarterly report was \$362,638. There was no documented review performed by the Hancock County EMA Director of the service organization's billing and collections to ensure all the Hancock County Ambulance Service runs and collections are accounted for properly.

Cause

According to the EMA director, he visually compares the service organization's claims to the county's internal documentation of billable runs conducted. However, no written reconciliations exist.

Effect

Because of the lack of adequate internal controls over service organization activities, the ambulance billing receipts were left vulnerable to misappropriation and loss.

Criteria

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

Recommendations

We recommend the Hancock County Fiscal Court implement internal controls to ensure that documented reconciliations of ambulance runs to the monthly invoices received from the service organization are performed and maintained by the Hancock County EMA Director 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 submit documented reconciliations to the Judge Executive and Treasurer's Offices in a timely manner.*

**HANCOCK COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2025**  
**(Continued)**

2025-004 The Hancock County Fiscal Court Failed To Implement Adequate Internal Controls Over Receipts

Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-003. During fiscal year 2025, the Hancock County Fiscal Court had material weaknesses in internal controls and noncompliances over receipts. The following findings were noted regarding Hancock County Fiscal Court's receipts:

- Nineteen of the 42 occupational tax returns tested totaling \$1,735,075 were not deposited daily. In addition, one net profit tax return in the amount of \$52,526 was also not deposited daily.
- Receipts collected at the senior citizen center, animal shelter, and parks and recreation were not deposited daily.
- Pre-numbered receipts were not issued for monies collected at the senior citizens center for meal donations.

Cause

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 citizens center, animal shelter, and parks department are managed by persons other than the financial staff of the county. Collections from these off-site locations are not deposited daily because staff are not available to take the collections to the treasurer's office. Additionally, pre-numbered receipts are not issued at the senior center for meals due to the fact that it is not feasible to issue receipts to people who drop donations in a box.

Effect

Because of the aforementioned findings, receipts were left vulnerable to misappropriation and loss. Also, the Hancock County Fiscal Court failed to issue and maintain required documentation as prescribed by state statutes.

Criteria

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 control 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.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires deposits to be made intact on a daily basis into a federally insured banking institution and performing daily check-out procedures.

**HANCOCK COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2025**  
**(Continued)**

2025-004 The Hancock County Fiscal Court Failed To Implement Adequate Internal Controls Over Receipts  
(Continued)

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Criteria (Continued)

KRS 64.840(1) states, in part, “all county officials shall, upon the receipt of any fine, forfeiture, tax, or fee, prepare a receipt that meets the specifications of the state local finance officer, if the fine, forfeiture, tax, or fee is paid:

- (a) In cash;
- (b) By a party appearing in person to pay; or
- (c) By check, credit card, or debit card account received through the mail, if the party includes an addressed, postage-paid return envelope and a request for 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.”

Recommendations

We make the following recommendations to the Hancock County Fiscal Court:

- Implement internal controls over receipts to ensure that all receipts are deposited daily.
- Pre-number receipts are issued for all transactions.

Views of Responsible Official and Planned Corrective Action

*County Judge/Executive's Response: We acknowledge this finding and will focus on making daily deposits when feasible. When not feasible, we will ensure that compensating controls are in place to secure receipts. Issuing pre-numbered receipts for meal donations that are placed in a donation box at the senior citizens center isn't feasible as we are unaware of who is placing the funds in the donation box. All funds received are brought to the Treasurer's Office where a pre-numbered receipt is then issued for the funds.*

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

**HANCOCK COUNTY FISCAL COURT**

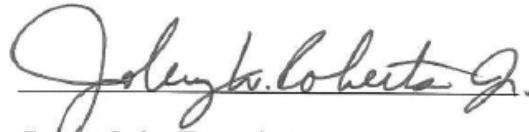
**For The Year Ended June 30, 2025**

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
COUNTY FISCAL COURT

For The Year Ended June 30, 2025

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 blue ink, reading "Joleyn K. Roberts", written over a horizontal line.

County Judge/Executive

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

County Treasurer