

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

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



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
OHIO COUNTY OFFICIALS	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	8
NOTES TO FINANCIAL STATEMENT.....	12
BUDGETARY COMPARISON SCHEDULES.....	27
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES	39
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	43
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	44
SCHEDULE OF CAPITAL ASSETS.....	47
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	48
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>	51
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE	55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	61
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 David Johnston, Ohio County Judge/Executive
Members of the Ohio 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 Ohio County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Ohio 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 Ohio County Fiscal Court, for the year ended June 30, 2024, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Ohio County Fiscal Court, for the year ended June 30, 2024, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Ohio 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 David Johnston, Ohio County Judge/Executive
 Members of the Ohio 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 Ohio 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

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

To the People of Kentucky
 The Honorable Andy Beshear, Governor
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 Members of the Ohio 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 Ohio 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 Ohio County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2025, on our consideration of the Ohio 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 Ohio County Fiscal Court's internal control over financial reporting and compliance.

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

- 2024-001 The Ohio County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance
- 2024-002 The Ohio County Fiscal Court Does Not Have Adequate Controls Over Occupational And Net Profit Tax Collections
- 2024-003 The Ohio County Detention Center Lacks Adequate Segregation Of Duties Over Jail Commissary Receipts And Disbursements
- 2024-004 The Ohio County Fiscal Court Did Not Properly Secure Public Funds With A Collateral Security Agreement
- 2024-005 The Ohio County Fiscal Court Did Not Follow Proper Procurement Procedures For Services With The Emergency Watershed Protection Program Projects

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

August 5, 2025

OHIO COUNTY OFFICIALS
For The Year Ended June 30, 2024

Fiscal Court Members:

David Johnston	County Judge/Executive
Michael McKenney	Magistrate
Jason Bullock	Magistrate
Bo Bennett	Magistrate
Kenneth Calloway	Magistrate
Larry Morphew	Magistrate

Other Elected Officials:

Justin Keown	County Attorney
Landon Spurlock	Jailer
Bess Ralph	County Clerk
Shannon Kirtley	Circuit Court Clerk
Adam Wright	Sheriff
Arthur Leach	Property Valuation Administrator
Elvis Doolin	Coroner

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

	Budgeted Funds			
	General Fund	Road Fund	Local Government Economic Assistance Fund	Federal Grants Fund
RECEIPTS				
Taxes	\$ 5,180,638	\$	\$	\$
In Lieu Tax Payments	30,000			
Licenses and Permits	92,785			
Intergovernmental	2,552,408	2,506,923	522,318	3,160,100
Charges for Services	259,827			
Miscellaneous	929,758	223,720		
Interest	9,230	2,202	667	
Total Receipts	9,054,646	2,732,845	522,985	3,160,100
DISBURSEMENTS				
General Government	5,866,662		19,370	2,355,000
Protection to Persons and Property	1,699,839		9,128	
General Health and Sanitation	270,107			
Social Services	338,757		5,354	
Recreation and Culture	615,306		98,702	
Roads		2,245,453		
Airports			19,388	
Debt Service	126,612	25,412		
Capital Projects			408,784	785,100
Administration	499,254	447,353		
Total Disbursements	9,416,537	2,718,218	560,726	3,140,100
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(361,891)	14,627	(37,741)	20,000
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	650,000	250,000		400,000
Transfers To Other Funds	(650,000)	(250,000)		(400,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(361,891)	14,627	(37,741)	20,000
Fund Balance - Beginning (Restated)	2,666,100	304,359	256,393	
Fund Balance - Ending	\$ 2,304,209	\$ 318,986	\$ 218,652	\$ 20,000
Composition of Fund Balance				
Bank Balance	\$ 2,449,338	\$ 336,060	\$ 234,709	\$ 20,000
Plus: Deposits In Transit	10,106			
Less: Outstanding Checks	(155,235)	(17,074)	(16,057)	
Certificates of Deposit				
Fund Balance - Ending	\$ 2,304,209	\$ 318,986	\$ 218,652	\$ 20,000

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

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

Budgeted Funds						
Forest Fire Protection Fund	Landfill Fund	Ohio County Economic Development Alliance Fund	Emergency Services Fund	County Clerk's Storage Fee Fund	Opioid Settlement Fund	American Rescue Plan Act Fund
\$ 6,099	\$ 80,000	\$	\$ 984,449	\$	\$	\$
			240,114			40,327
	119,731		29			
		188,158	25	34,940	175,936	1,429
38	895	308	1,225	85	455	7,609
6,137	200,626	188,466	1,225,842	35,025	176,391	49,365
	30,000	80,000		32,396		220,361
11,295			1,058,782			75,322
						310,837
						217,804
						100,000
	138,138					
						6,640
11,295	168,138	80,000	1,058,782	32,396		930,964
(5,158)	32,488	108,466	167,060	2,629	176,391	(881,599)
(5,158)	32,488	108,466	167,060	2,629	176,391	(881,599)
7,766	277,800	109,473	342,086	31,248	165,486	2,174,283
\$ 2,608	\$ 310,288	\$ 217,939	\$ 509,146	\$ 33,877	\$ 341,877	\$ 1,292,684
\$ 10,895	\$ 310,288	\$ 217,939	\$ 524,664	\$ 33,877	\$ 1,877	\$ 1,105,362
(8,287)			(15,518)			(15,126)
					340,000	202,448
\$ 2,608	\$ 310,288	\$ 217,939	\$ 509,146	\$ 33,877	\$ 341,877	\$ 1,292,684

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

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

	<u>Budgeted Fund</u>	<u>Unbudgeted Fund</u>	
	<u>Waterline Reserve Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS			
Taxes	\$	\$	\$ 6,171,186
In Lieu Tax Payments			110,000
Licenses and Permits			92,785
Intergovernmental			9,022,190
Charges for Services	33,802		413,389
Miscellaneous		15,271	1,569,237
Interest	274	5	22,993
Total Receipts	<u>34,076</u>	<u>15,276</u>	<u>17,401,780</u>
DISBURSEMENTS			
General Government			8,603,789
Protection to Persons and Property			2,854,366
General Health and Sanitation	52,451		322,558
Social Services			654,948
Recreation and Culture		12,518	944,330
Roads			2,245,453
Airports			119,388
Debt Service			290,162
Capital Projects			1,193,884
Administration			953,247
Total Disbursements	<u>52,451</u>	<u>12,518</u>	<u>18,182,125</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(18,375)</u>	<u>2,758</u>	<u>(780,345)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			1,300,000
Transfers To Other Funds			(1,300,000)
Total Other Adjustments to Cash (Uses)			
Net Change in Fund Balance	(18,375)	2,758	(780,345)
Fund Balance - Beginning (Restated)	<u>120,324</u>	<u>35,445</u>	<u>6,490,763</u>
Fund Balance - Ending	<u>\$ 101,949</u>	<u>\$ 38,203</u>	<u>\$ 5,710,418</u>
Composition of Fund Balance			
Bank Balance	\$ 101,949	\$ 38,229	\$ 5,385,187
Plus: Deposits In Transit			10,106
Less: Outstanding Checks		(26)	(227,323)
Certificates of Deposit			542,448
Fund Balance - Ending	<u>\$ 101,949</u>	<u>\$ 38,203</u>	<u>\$ 5,710,418</u>

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.	LEASES	16
NOTE 5.	SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)	16
NOTE 6.	NOTES RECEIVABLE	17
NOTE 7.	LONG-TERM DEBT	18
NOTE 8.	COMMITMENT DEBT	20
NOTE 9.	EMPLOYEE RETIREMENT SYSTEM	20
NOTE 10.	DEFERRED COMPENSATION.....	22
NOTE 11.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT	23
NOTE 12.	INSURANCE.....	23
NOTE 13.	CONDUIT DEBT.....	23
NOTE 14.	PRIOR PERIOD ADJUSTMENTS	23

**OHIO COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Federal Grants Fund - The primary purpose of this fund is to account for federal grants and related disbursements. The primary sources of receipts for this fund are grants from the federal government.

Forest Fire Protection Fund - The primary purpose of this fund is to account for disbursements related to fire protection. The primary sources of receipts for this fund are fire acre taxes on the county property tax bills.

Landfill Fund - The primary purpose of this fund is to account for the receipts and disbursements of landfill related projects. The primary source of receipts for this fund is landfill revenues.

Ohio County Economic Development Alliance Fund - The primary purpose of this fund is to account for funds used to promote growth and development of Ohio County's economic base, assist in the retention and expansion of existing business, and vigorously seek out new business for Ohio County. The primary sources of receipts for this fund are proceeds from short-term loans to local businesses.

Emergency Services Fund - The primary purpose of this fund is to account for the payments to support the operation of emergency management. The primary sources of receipts for this fund are a portion of occupational taxes collected.

County Clerk's Storage Fee 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 for this fund is the county clerk's collection of storage fees.

Opioid Settlement Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crises. The primary source of receipts for this fund is opioid settlement funds received from the state as a result of the state's agreement with major opioid manufacturers and distributors.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for the receipts and disbursements of the American Rescue Plan Act funds provided by the federal government. The primary source of receipts for this fund is federal monies.

Waterline Reserve Fund - The primary purpose of this fund is to account for the waterline projects. The primary sources of receipts for this fund are a portion of landfill revenues.

Unbudgeted Fund

The fiscal court reports the following unbudgeted fund:

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

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

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

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

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

E. Ohio County Elected Officials

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

OHIO COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(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 not met, as the fiscal court did not have a written agreement with the bank.

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*. On June 30, 2024, the fiscal court's bank balance was exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$102,448

Note 3. Transfers

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

	General Fund	Road Fund	Federal Grants Fund	Total Transfers In
General Fund	\$	\$ 250,000	\$ 400,000	\$ 650,000
Road Fund	250,000			250,000
Federal Grants Fund	400,000			400,000
Total Transfers Out	<u>\$ 650,000</u>	<u>\$ 250,000</u>	<u>\$ 400,000</u>	<u>\$ 1,300,000</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.

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

Note 4. Leases

A. Lessor

1. Administrative Office of the Courts

On June 15, 2021, the Ohio County Fiscal Court began leasing space in the Ohio County Community Center to the Administrative Office of the Courts. The lease is for one year with the option to renew annually. Ohio County recognized \$144,475 in lease revenue during the current fiscal year related to this lease.

2. KY Counseling Partners

On January 1, 2021, the Ohio County Fiscal Court began leasing office space in a building owned by the county to KY Counseling Partners, LLC. The lease is for one year with the option to renew annually. Ohio County recognized \$7,700 in lease revenue during the current fiscal year related to this lease.

3. Kentucky Child Support

On January 1, 2021, the Ohio County Fiscal Court began leasing space in the Ohio County Community Center to the Ohio County Child Support Office. The lease is for two years with the option to renew for an additional two year period. Ohio County recognized \$4,928 in lease revenue during the current fiscal year related to this lease.

B. Lessee

1. Postage Machine

On January 1, 2021, the Ohio County Fiscal Court entered into a five-year lease agreement for the use of two postage machines. An initial lease liability was recorded in the amount of \$3,353 during the current fiscal year, which is the annual payment due. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$5,030.

Fiscal Year Ended June 30,	Amount
2025	\$ 3,353
2026	1,677
Total Lease Payments	<u>\$ 5,030</u>

Note 5. Subscription-Based Information Technology Arrangements (SBITA)

A. SBITA – County Clerk’s Accounting Subscription

The Ohio County Fiscal Court entered into a subscription-based information technology arrangement for the county clerk’s office. The subscription terms are five years totaling \$145,260, and the Ohio County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$53,262. The Ohio County Fiscal Court is required to make monthly payments of \$2,421.

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

Note 5. Subscription-Based Information Technology Arrangements (SBITA) (Continued)

A. SBITA – County Clerk’s Accounting Subscription (Continued)

The future principal and interest lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30,	Amount
2025	\$ 29,052
2026	24,210
Total	<u>\$ 53,262</u>

Note 6. Notes Receivable

The following are the notes receivable as of June 30, 2024, that the county has outstanding under the Ohio County Economic Development Alliance:

A. Luke Burden (Cinema 33)

On June 18, 2021, the county loaned \$100,000 to Cinema 33 for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a ten-year repayment schedule at 2.44 percent interest rate, payable starting September 20, 2021. Beginning in July 2023, nonpayment interest began accruing at 4.0 percent. County records indicate Cinema 33 is not in substantial compliance with this agreement. As of June 30, 2024, the principal balance due was \$101,096.

B. Clint Magan (Magan’s Tiling)

On August 9, 2021, the county loaned \$25,000 to Magan’s Tiling for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a seven-year repayment schedule at 3.56 percent interest rate, payable starting September 20, 2021. County records indicate Magan’s Tiling is in substantial compliance with this agreement. As of June 30, 2024, the principal balance due was \$15,316.

C. Tamarlane Industries

On February 2, 2022, the county loaned \$100,000 to Tamarlane for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a seven-year repayment schedule at 2.44 percent interest rate, payable starting March 1, 2022. County records indicate Tamarlane Industries is in substantial compliance with this agreement. As of June 30, 2024, the principal balance due was \$87,297.

D. Jason Hoops (396 Off Road)

On October 18, 2021, the county loaned \$36,000 to 396 Off Road for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a seven-year repayment schedule at 2.44 percent interest rate, payable starting November 10, 2021. County records indicate 396 Off Road is in substantial compliance with this agreement. As of June 30, 2024, the principal balance due was \$22,806.

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

Note 6. Notes Receivable (Continued)

E. Kentucky Whiskey Company

On July 15, 2022, the county loaned \$511,000 to Kentucky Whiskey Company for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a four-year repayment schedule at 2.44 percent interest rate, interest payable starting October 1, 2022 and principal payable starting July 1, 2023. County records indicate Kentucky Whiskey is in substantial compliance with this agreement. As of June 30, 2024, the principal balance due was \$346,082.

F. The Rosine Barn

On July 6, 2023, the county loaned \$80,000 to The Rosine Barn, LLC for the purpose of purchasing equipment and renovating property. Terms of the agreement stipulate a fifteen-year repayment schedule at 4.00 percent interest rate, interest payable starting August 1, 2023 and principal payable starting August 1, 2023. County records indicate The Rosine Barn is in substantial compliance with this agreement. As of June 30, 2024, the principal balance due was \$76,272.

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Courthouse Renovations

On November 18, 2005, the fiscal court entered into an installment loan agreement with the First United Bank in the amount of \$1,600,000 which is secured with collateral of real estate located at 434 Liberty St., Hartford, KY. The purpose of the loan was to finance the acquisition of property, to finance renovations and improvements to the courthouse, and to retire the Ohio County Buildings Commission First Mortgage Revenue Bonds, Series 1979. The interest rate is 3.35 percent for a period of 20 years with principal and interest payments due monthly. The principal balance at June 30, 2024, was \$154,483. Future debt service requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 123,282	\$ 3,330
2026	<u>31,201</u>	<u>176</u>
Totals	<u>\$ 154,483</u>	<u>\$ 3,506</u>

2. Tractor and Mower

On February 27, 2020, the fiscal court entered into an installment loan agreement with First United Bank in the amount of \$137,562 which is secured with collateral of a 2019 tractor and 2020 boom mower. The purpose of the loan was to purchase the tractor and mower. The interest rate is 3.4% percent with payments due on the 27th of each month. The loan terminates on March 27, 2026. The principal balance at June 30, 2024, was \$41,107. Future debt service requirements are as follows:

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

Note 7. Long-term Debt (Continued)

2. Tractor and Mower (Continued)

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 41,107	\$ 105
Totals	<u>\$ 41,107</u>	<u>\$ 105</u>

B. Changes In Long-term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	\$ 338,321	\$	\$ 142,732	\$ 195,589	\$ 164,388
Total Long-term Debt	<u>\$ 338,321</u>	<u>\$ 0</u>	<u>\$ 142,732</u>	<u>\$ 195,589</u>	<u>\$ 164,388</u>

C. Aggregate Debt Schedule

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

<u>Fiscal Year Ended June 30</u>	<u>Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 164,388	\$ 3,435
2026	31,201	176
Totals	<u>\$ 195,589</u>	<u>\$ 3,611</u>

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

Note 8. Commitment Debt

In 2009, the Ohio County Fiscal Court entered into a financial obligation agreement with the Ohio County Water District to provide semi-annual payments of principal, interest, and fees up to \$3,000,000 on a Kentucky Infrastructure Authority (KIA) loan, the water district incurred for a construction of a new water treatment plant and related facilities. The agreement authorized and provided for a fiscal court to have a pre-payment privilege of all or part of the water district KIA loan obligation made by the fiscal court without a pre-payment penalty. A pre-payment in the amount of \$550,000 was made on the loan on April 1, 2009. This payment reduced the loan payment obligation by \$550,000, thereby leaving only a maximum loan payment obligation of \$2,450,000 in principal and the interest and loan servicing fee. The fiscal court's financial obligation shall continue until the KIA loan has been paid in full. The fiscal court agrees to reserve sufficient funds each year in its annual budget to provide for such payments. The fiscal court's obligation for fiscal year 2024 was \$124,762.

Note 9. Employee Retirement System

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

The county's contribution for FY 2022 was \$862,780, FY 2023 was \$970,373, and FY 2024 was \$802,680.

Nonhazardous

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

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

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

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

Note 9. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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.

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.

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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.

Note 10. Deferred Compensation

The Ohio 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.

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

Note 10. Deferred Compensation (Continued)

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 11. Health Reimbursement Account/Flexible Spending Account

The Ohio County Fiscal Court established a flexible spending account during fiscal year 2010 to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$500-\$2,000 each year, depending on the plan chosen, to pay for qualified medical expenses as a health reimbursement account. Employees may also contribute additional pre-tax funds through payroll deduction for a flexible spending account. The balance of the health reimbursement account plan as of June 30, 2024, was \$188,675. The balance of the flexible spending account plan as of June 30, 2024, was \$20,720.

Note 12. Insurance

For the fiscal year ended June 30, 2024, the Ohio 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 13. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to various entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Ohio 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.

Note 14. Prior Period Adjustments

The following adjustments were made to the beginning balances of the funds below:

	General Fund	LGEA Fund	Emergency Services Fund
Prior Year Ending Fund Balance	\$ 2,665,673	\$ 255,693	\$ 342,059
Adjustments:			
Voided Checks	427	700	27
Beginning Fund Balance Restated	<u>\$ 2,666,100</u>	<u>\$ 256,393</u>	<u>\$ 342,086</u>

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OHIO COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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OHIO COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,821,858	\$ 4,821,858	\$ 5,180,638	\$ 358,780
In Lieu Tax Payments	30,000	30,000	30,000	
Licenses and Permits	93,600	93,600	92,785	(815)
Intergovernmental	2,850,545	2,850,545	2,552,408	(298,137)
Charges for Services	241,800	241,800	259,827	18,027
Miscellaneous	719,953	719,953	929,758	209,805
Interest	4,703	4,703	9,230	4,527
Total Receipts	8,762,459	8,762,459	9,054,646	292,187
DISBURSEMENTS				
General Government	5,201,220	6,419,906	5,866,662	553,244
Protection to Persons and Property	2,016,203	2,079,774	1,699,839	379,935
General Health and Sanitation	291,602	334,822	270,107	64,715
Social Services	308,934	397,827	338,757	59,070
Recreation and Culture	567,423	688,549	615,306	73,243
Debt Service	128,450	128,450	126,612	1,838
Administration	1,745,616	1,378,804	499,254	879,550
Total Disbursements	10,259,448	11,428,132	9,416,537	2,011,595
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,496,989)	(2,665,673)	(361,891)	2,303,782
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			650,000	650,000
Transfers To Other Funds			(650,000)	(650,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(1,496,989)	(2,665,673)	(361,891)	2,303,782
Fund Balance - Beginning (Restated)	1,496,989	2,665,673	2,666,100	427
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,304,209	\$ 2,304,209

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 3,204,507	\$ 3,204,507	\$ 2,506,923	\$ (697,584)
Miscellaneous	495,500	495,500	223,720	(271,780)
Interest	1,800	1,800	2,202	402
Total Receipts	<u>3,701,807</u>	<u>3,701,807</u>	<u>2,732,845</u>	<u>(968,962)</u>
DISBURSEMENTS				
Roads	3,154,125	3,285,107	2,245,453	1,039,654
Debt Service	26,000	26,000	25,412	588
Capital Projects	120,000	120,000		120,000
Administration	512,334	575,059	447,353	127,706
Total Disbursements	<u>3,812,459</u>	<u>4,006,166</u>	<u>2,718,218</u>	<u>1,287,948</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(110,652)</u>	<u>(304,359)</u>	<u>14,627</u>	<u>318,986</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			250,000	250,000
Transfers To Other Funds			(250,000)	(250,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(110,652)	(304,359)	14,627	318,986
Fund Balance - Beginning	<u>110,652</u>	<u>304,359</u>	<u>304,359</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 318,986</u>	<u>\$ 318,986</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,430,000	\$ 1,430,000	\$ 522,318	\$ (907,682)
Interest	100	100	667	567
Total Receipts	1,430,100	1,430,100	522,985	(907,115)
DISBURSEMENTS				
General Government	20,000	24,349	19,370	4,979
Protection to Persons and Property	30,000	25,651	9,128	16,523
Social Services	5,000	5,354	5,354	
Recreation and Culture	61,250	99,425	98,702	723
Airports	17,900	19,431	19,388	43
Capital Projects	1,250,000	1,385,108	408,784	976,324
Administration	45,950	126,475		126,475
Total Disbursements	1,430,100	1,685,793	560,726	1,125,067
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(255,693)	(37,741)	217,952
Net Change in Fund Balance		(255,693)	(37,741)	217,952
Fund Balance - Beginning (Restated)		255,693	256,393	700
Fund Balance - Ending	\$ 0	\$ 0	\$ 218,652	\$ 218,652

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

FEDERAL GRANTS FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 5,200,000	\$ 5,200,000	\$ 3,160,100	\$ (2,039,900)
Total Receipts	5,200,000	5,200,000	3,160,100	(2,039,900)
DISBURSEMENTS				
General Government	4,200,000	4,200,000	2,355,000	1,845,000
Capital Projects	1,000,000	1,000,000	785,100	214,900
Total Disbursements	5,200,000	5,200,000	3,140,100	2,059,900
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			20,000	20,000
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			400,000	400,000
Transfers To Other Funds			(400,000)	(400,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance			20,000	20,000
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 20,000	\$ 20,000

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

FOREST FIRE PROTECTION FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,300	\$ 6,300	\$ 6,099	\$ (201)
Interest	5	5	38	33
Total Receipts	6,305	6,305	6,137	(168)
DISBURSEMENTS				
Protection to Persons and Property	6,305	14,071	11,295	2,776
Total Disbursements	6,305	14,071	11,295	2,776
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(7,766)	(5,158)	2,608
Net Change in Fund Balance		(7,766)	(5,158)	2,608
Fund Balance - Beginning		7,766	7,766	
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,608	\$ 2,608

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

	LANDFILL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 80,000	\$ 80,000	\$ 80,000	\$
Charges for Services	156,000	156,000	119,731	(36,269)
Interest	325	325	895	570
Total Receipts	236,325	236,325	200,626	(35,699)
DISBURSEMENTS				
General Government	30,000	30,000	30,000	
Debt Service	138,500	138,500	138,138	362
Administration	67,825	345,625		345,625
Total Disbursements	236,325	514,125	168,138	345,987
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(277,800)	32,488	310,288
Net Change in Fund Balance		(277,800)	32,488	310,288
Fund Balance - Beginning		277,800	277,800	
Fund Balance - Ending	\$ 0	\$ 0	\$ 310,288	\$ 310,288

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

**OHIO COUNTY ECONOMIC
DEVELOPMENT ALLIANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 155,000	\$ 155,000	\$ 188,158	\$ 33,158
Interest	300	300	308	8
Total Receipts	155,300	155,300	188,466	33,166
DISBURSEMENTS				
General Government	230,300	264,773	80,000	184,773
Total Disbursements	230,300	264,773	80,000	184,773
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(75,000)	(109,473)	108,466	217,939
Net Change in Fund Balance	(75,000)	(109,473)	108,466	217,939
Fund Balance - Beginning	75,000	109,473	109,473	
Fund Balance - Ending	\$ 0	\$ 0	\$ 217,939	\$ 217,939

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

EMERGENCY SERVICES FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 916,000	\$ 916,000	\$ 984,449	\$ 68,449
Intergovernmental	228,948	228,948	240,114	11,166
Charges for Services	200	200	29	(171)
Miscellaneous	1,000	1,000	25	(975)
Interest	700	700	1,225	525
Total Receipts	1,146,848	1,146,848	1,225,842	78,994
DISBURSEMENTS				
General Government	1,000	1,000		1,000
Protection to Persons and Property	1,072,560	1,100,620	1,058,782	41,838
Administration	74,598	387,287		387,287
Total Disbursements	1,148,158	1,488,907	1,058,782	430,125
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,310)	(342,059)	167,060	509,119
Net Change in Fund Balance	(1,310)	(342,059)	167,060	509,119
Fund Balance - Beginning (Restated)	1,310	342,059	342,086	27
Fund Balance - Ending	\$ 0	\$ 0	\$ 509,146	\$ 509,146

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

COUNTY CLERK'S STORAGE FEE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 41,200	\$ 41,200	\$ 34,940	\$ (6,260)
Interest	50	50	85	35
Total Receipts	41,250	41,250	35,025	(6,225)
DISBURSEMENTS				
General Government	41,250	72,498	32,396	40,102
Total Disbursements	41,250	72,498	32,396	40,102
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(31,248)	2,629	33,877
Net Change in Fund Balance		(31,248)	2,629	33,877
Fund Balance - Beginning		31,248	31,248	
Fund Balance - Ending	\$ 0	\$ 0	\$ 33,877	\$ 33,877

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

OPIOID SETTLEMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 800,000	\$ 800,000	\$ 175,936	\$ (624,064)
Interest	500	500	455	(45)
Total Receipts	800,500	800,500	176,391	(624,109)
DISBURSEMENTS				
Administration	800,500	965,986		965,986
Total Disbursements	800,500	965,986		965,986
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(165,486)	176,391	341,877
Net Change in Fund Balance		(165,486)	176,391	341,877
Fund Balance - Beginning		165,486	165,486	
Fund Balance - Ending	\$ 0	\$ 0	\$ 341,877	\$ 341,877

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

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 17,000	\$ 17,000	\$ 40,327	\$ 23,327
Miscellaneous	1,500	1,500	1,429	(71)
Interest	2,500	2,500	7,609	5,109
Total Receipts	21,000	21,000	49,365	28,365
DISBURSEMENTS				
General Government	75,199	293,520	220,361	73,159
Protection to Persons and Property	25,000	246,803	75,322	171,481
Social Services	200,777	338,221	310,837	27,384
Recreation and Culture	55,488	221,788	217,804	3,984
Airports		100,000	100,000	
Administration	1,414,536	994,951	6,640	988,311
Total Disbursements	1,771,000	2,195,283	930,964	1,264,319
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,750,000)	(2,174,283)	(881,599)	1,292,684
Net Change in Fund Balance	(1,750,000)	(2,174,283)	(881,599)	1,292,684
Fund Balance - Beginning	1,750,000	2,174,283	2,174,283	
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,292,684	\$ 1,292,684

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

WATERLINE RESERVE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Charges for Services	\$ 44,000	\$ 44,000	\$ 33,802	\$ (10,198)
Interest	100	100	274	174
Total Receipts	44,100	44,100	34,076	(10,024)
DISBURSEMENTS				
General Health and Sanitation	44,100	164,424	52,451	111,973
Total Disbursements	44,100	164,424	52,451	111,973
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(120,324)	(18,375)	101,949
Net Change in Fund Balance		(120,324)	(18,375)	101,949
Fund Balance - Beginning		120,324	120,324	
Fund Balance - Ending	\$ 0	\$ 0	\$ 101,949	\$ 101,949

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

June 30, 2024

Note 1. Budgetary Information

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

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

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

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OHIO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2024

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OHIO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Agriculture</u>				
<i>Direct Program</i>				
Emergency Watershed Protection Program	10.923		\$	\$ 766,100
Total U.S. Department of Agriculture			\$	\$ 766,100
<u>U. S. Department of Housing and Urban Development</u>				
<i>Direct Program</i>				
Community Development Block Grants/State's Program	14.228		\$	\$ 1,955,000
Total U.S. Department of Housing and Urban Development			\$	\$ 1,955,000
<u>U. S. Department of Treasury</u>				
<i>Direct Program</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$	\$ 916,980
Total U.S. Department of Treasury			\$	\$ 916,980
<u>U. S. Department of Health and Human Services</u>				
<i>Passed-Through Kentucky Cabinet for Health and Family Services:</i>				
Aging Cluster				
Special Program for the Aging, Title III, Part C, Nutrition Services	93.045	09-11888-9	\$	\$ 60,188
Special Program for the Aging, Title III, Part C, Nutrition Services	93.045	09-11888-9		55,788
Total U.S. Department of Health and Human Services			\$	\$ 115,976
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Emergency Management:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	SC0952500000377	\$	\$ 129,218
Hazard Mitigation Grant	97.039	SC0952300000677		63,233
Emergency Management Performance Grants	97.042	SC0952300000859		29,755
Total U.S. Department of Homeland Security			\$	\$ 222,206
Total Expenditures of Federal Awards			\$ 0	\$ 3,976,262

The accompanying notes are an integral part of this schedule.

OHIO COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

OHIO COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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OHIO COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Building Improvements	\$ 1,327,976	\$	\$	\$ 1,327,976
Land Improvements	56,400			56,400
Construction In Progress		257,800		257,800
Buildings	6,689,808			6,689,808
Equipment	3,335,983	921,630		4,257,613
Vehicles	2,988,374	203,766	435,459	2,756,681
Infrastructure	14,038,965	1,003,005		15,041,970
 Total Capital Assets	 <u>\$ 28,437,506</u>	 <u>\$ 2,386,201</u>	 <u>\$ 435,459</u>	 <u>\$ 30,388,248</u>

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

June 30, 2024

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land & Land Improvements	\$ 50,000	10-60
Buildings	\$ 100,000	10-75
Building Improvements	\$ 75,000	10-75
Vehicles	\$ 60,000	3-25
Equipment	\$ 100,000	3-25
Infrastructure	\$ 100,000	10-50

**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 David Johnston, Ohio County Judge/Executive
Members of the Ohio 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 Ohio County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Ohio County Fiscal Court's financial statement and have issued our report thereon dated August 5, 2025.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 to be material weaknesses.



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

Report on Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2024-003 to be a significant deficiency.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Ohio County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, and 2024-004.

Views of Responsible Officials and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

August 5, 2025

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable David Johnston, Ohio County Judge/Executive
Members of the Ohio County Fiscal Court

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Ohio County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Ohio County Fiscal Court's major federal programs for the year ended June 30, 2024. The Ohio County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on ALN 10.923 Emergency Watershed Protection Program

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the Ohio County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on ALN 10.923 Emergency Watershed Protection Program for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Ohio County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

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



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

Basis for Qualified and Unmodified Opinions (Continued)

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

Matter Giving Rise to Qualified Opinion on ALN 10.923 Emergency Watershed Protection Program

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the Ohio County Fiscal Court with ALN 10.923 Emergency Watershed Protection Program as described in finding number 2024-005 for Procurement Suspension & Debarment, consequently we were unable to determine whether the Ohio County Fiscal Court complied with those requirements applicable to that program.

Compliance with such requirements is necessary, in our opinion, for Ohio County Fiscal Court to comply with the requirements applicable to those programs.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ohio County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

Auditor's Responsibilities for the Audit of Compliance (Continued)

- Obtain an understanding of Ohio County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Ohio County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-005 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Ohio County Fiscal Court's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Ohio County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Internal Control over Compliance (Continued)

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

Respectfully submitted,

A handwritten signature in black ink that reads "Allison Ball". The signature is written in a cursive, flowing style.

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

August 5, 2025

OHIO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

Section I: Summary of Auditor's Results

Financial Statement

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

Internal control over financial reporting:		
• Are any material weaknesses identified?	☒ Yes	☐ No
• Are any significant deficiencies identified?	☒ Yes	☐ None Reported
Are any noncompliances material to financial statements noted?	☒ Yes	☐ No

Federal Awards

Internal control over major programs:		
• Are any material weaknesses identified?	☒ Yes	☐ No
• Are any significant deficiencies identified?	☐ Yes	☒ None Reported
Type of auditor's report issued on compliance for major federal programs: Qualified 10.923 Unmodified for 21.027		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☒ Yes	☐ No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.923	Emergency Watershed Protection Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000		
Auditee qualified as a low-risk auditee?	☐ Yes	☒ No

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

Section II: Financial Statement Findings

2024-001 The Ohio County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance

The Ohio County Fiscal Court failed to implement proper internal controls over disbursements. We tested 51 transactions totaling \$5,522,796 and 1 month's credit card statement, and the following issues were noted:

- The Ohio County Fiscal Court paid \$7,110 of credit card bills using electronic fund transfers (EFT) rather than paying by check.
- Three invoices totaling \$555,000 were not advertised for bid.
- Twenty disbursements totaling \$2,812,547 were not coded properly.
- One invoice approved amount did not agree to what was paid.
- One invoice totaling \$20 was not paid within 30 business days.

The fiscal court failed to establish appropriate internal controls over disbursements. The issues noted above could result in payments for items that are not obligations of the fiscal court, inaccurate reporting, and misappropriation of assets. By not paying invoice within 30 working days, the fiscal court could incur finance charges that it should not be obligated to pay. Also, the fiscal court was not in compliance with state laws regarding bidding.

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." Paying all disbursements by check and requiring dual signatures ensures that all expenditures are reviewed prior to being made.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts which is outlined in the Department of Local Government's *County Budget Preparation & State Local Finance Officer Policy Manual* (Manual). The Manual requires that all disbursements be made by check.

KRS 424.260(1) states, "[e]xcept where a statute specially 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 thirty thousand dollars (\$40,000) without first making newspaper advertisement for bid. This subsection shall not apply to the transfer of property between governmental agencies as authorized in KRS 82.083(4)(a)."

KRS 65.140(2) states, "[u]less the purchaser and vendor otherwise contract, all bills for goods or services shall be paid within thirty (30) working days of receipts of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor."

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

Section II: Financial Statement Findings (Continued)

2024-001 The Ohio County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance (Continued)

We recommend the Ohio County Fiscal Court implement internal controls over the bidding process to ensure that the entire process is documented and transparent. We further recommend the fiscal court implement controls over the review process to ensure all purchases are coded properly, invoices are paid within 30 business days, amounts paid agree to the approved claims that are documented in fiscal court minutes, and all purchases have a corresponding invoice.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The official did not provide a response.

2024-002 The Ohio County Fiscal Court Does Not Have Adequate Controls Over Occupational And Net Profit Tax Collections

This is a repeat finding and was included in the prior year audit report as finding 2023-001. During the testing of occupational and net profit taxes, the following exceptions were noted:

- Two out of sixteen companies selected for net profit tax testing did not file a net profit return. There was no documentation of follow up with the company regarding the unfiled tax return.
- Deposits were not made daily.
- Delinquent tax notifications were not sent.
- Prenumbered receipts were only issued when cash is received.
- One net profit return was marked collected in the computer, but not filed appropriately.
- Tax returns are stamped by deposit date, and the actual collection date could not be determined.

According to the Occupational Tax Administrator, the two individuals working in the office could not adequately manage the work load and, as a result, tax returns got filed in wrong place and staff failed to document when follow up on tax returns was not received. By failing to implement internal controls over the collection of occupational taxes and net profits, the county may not receive all the tax revenue due. Without daily deposits, receipts were left vulnerable to misappropriation and loss.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The Ohio County Fiscal Court failed to establish the basic internal controls necessary to ensure that receipts collected at the Ohio County Occupational Tax Office were being turned over to the county treasurer and deposited on a daily basis. Additionally, strong internal controls over the collection or receipts are vital in ensuring that receipts are accounted for properly.

Also, KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the State Local Finance Officer has prescribed minimum accounting and reporting standards in the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual requires daily deposits intact into a federally insured banking institution.

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

Section II: Financial Statement Findings (Continued)

2024-002 The Ohio County Fiscal Court Does Not Have Adequate Controls Over Occupational And Net Profit Tax Collections (Continued)

We recommend that the county implement internal control procedures to ensure that the county is properly processing occupational taxes and net profit taxes.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: We are seeking out a software that will better serve our needs with less required manual time that leads to human error. We will make daily deposits as recommended. We will begin working on notifying the delinquent taxpayers with notices and reporting to the county attorney as needed. We are in the process of printing receipts for cash or check received and will be provided to the treasurer's office for verification of receipts. We will be persistent with receiving appropriate filings. Tax returns will be keyed and date stamped on the day received and receipts will be taken to the treasurer before the end of same day.

2024-003 The Ohio County Detention Center Lacks Adequate Segregation Of Duties Over Jail Commissary Receipts And Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2023-002. The Ohio County Detention Center lacks adequate segregation of duties over jail commissary receipts and disbursements. The jailer prepares deposits, prepares checkout sheets for commissary commissions collected, handles cash collected from inmates, and approves and signs commissary checks.

According to the jailer, this lack of segregation of duties is a result of a limited budget, which restricts the number of qualified employees the Ohio County Detention Center can hire for accounting functions. Without the proper segregation of duties, the jailer creates the opportunity for misappropriation of assets and inaccurate financial reporting to occur and go unnoticed.

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." Segregation of duties and implementation of compensating controls are basic internal controls necessary to ensure the accuracy and reliability of financial reports.

We recommend the Ohio County Detention Center implement segregation of duties over jail commissary receipts and disbursements of the jail commissary. If the duties cannot be segregated due to a limited number of staff or budget, controls should be implemented over these duties such as secondary review of deposits, daily checkout sheets, and invoices, and the requirement of dual signatures on all checks. In addition, any compensating controls should be documented if performed.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: Ohio County Detention Center will require a second signature to every check that is written out of the commissary account. Chief Deputy[name redacted] will be the second signature.

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

Section II: Financial Statement Findings (Continued)

2024-004 The Ohio County Fiscal Court Did Not Properly Secure Public Funds With A Collateral Security Agreement

The Ohio County Fiscal Court did not maintain perfected pledges of securities covering all public funds. During fiscal year 2024, \$540,000 from the Opioid and American Rescue Plan Act funds were used to purchase Certificates of Deposit (CDs) at two separate federally insured banking institutions. While FDIC covered \$440,000 of these funds, no further collateral security agreements were entered into with these depository institutions to secure the remaining funds. Including interest accrued during this period, this left \$102,448 in public funds unsecured as of June 30, 2024.

According to the treasurer, certificates of deposit had not been purchased in prior years, and they were not aware that additional agreements were needed to properly collateralize the county's deposits. As a result, \$102,448 of these funds including accumulated interest were not properly secured by securities, bonds, or other acceptable forms of collateral. In addition, the fiscal court was not in compliance with KRS 66.80 requiring deposits to be insured by FDIC "or collateralized, to the extent uninsured, by any obligation, including surety bonds, permitted by KRS 41.240(4)."

We recommend the Ohio County Fiscal Court monitor all bank account balances to determine if sufficient collateral is being pledged to cover account balances, and to enter into collateral security agreements where necessary for any deposits not sufficiently covered by FDIC.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: We now ensure that we have an agreement in writing that covers all funds over the FDIC coverage.

Section III: Federal Award Findings And Questioned Costs

2024-005 The Ohio County Fiscal Court Did Not Follow Proper Procurement Procedures For Services With The Emergency Watershed Protection Program Projects

Federal Program: 10.923 – Emergency Watershed Protection Program

Award Number and Year: NR225C16XXXXC013 2023

Name of Federal Agency and Pass-Through Agency: United States Department of Agriculture

Compliance Requirements: Procurement, Suspension, and Debarment

Type of Finding: Material Weakness, Material Noncompliance

Opinion Modification: Qualified

Amount of Questioned Costs: \$555,000

Identification of Questioned Costs and How Computed:

The Ohio County Fiscal Court failed to publicly advertise for bids for all but two of the work site projects for the Emergency Watershed Protection Program project. While the county advertised a pre-bid meeting in the local newspaper for prospective companies to get an opportunity to learn about the project, the actual request for bids should have also been advertised in the local newspaper to ensure fair and cost effective procurement procedures. The total of the amount paid for services not properly advertised was \$555,000. A total of \$766,100 was spent for this program in the audit year.

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

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

2024-005 The Ohio County Fiscal Court Did Not Follow Proper Procurement Procedures For Services With The
Emergency Watershed Protection Program Projects (Continued)

Per the emergency management staff, this was likely due to a misunderstanding and oversight of what was advertised. They had maintained documentation of the pre-bid meeting being advertised and thought that the actual bid request was advertised as well, but it appears it was not. By not following proper bidding procedures, the public was not made aware of the request for bids for this project and did not have an opportunity to apply to provide services for the project. Only those who attended the pre-bid meeting knew of the bidding procedures and the specifications for the projects.

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.” Strong internal controls require management to monitor disbursements to ensure compliance with procurement laws, and to keep good records of all bids and other procurement transactions. KRS 424.260 requires that all contractual services other than professional involving expenditures of greater than \$40,000 to be advertised in the local newspaper for bids.

In addition, 2 CFR section 200.318 (a) states “The recipient or subrecipient must maintain and use documented procedures for procurement transactions under a Federal award or subaward, including for acquisition of property or services. These documented procurement procedures must be consistent with State, local, and tribal laws and regulations and the standards identified in §§ 200.317 through 200.327.”

Repeat Finding:

This is not a repeat finding from the previous year.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: In our audit findings there was noted \$555,000 in bids awarded were not properly advertised. There was an advertisement for a pre-bid meeting for the projects. The projects were the removal of blockages on Rough River with money received from NRCS for that purpose. The intention was for the ad to say the projects were open and that bids were to be received by a certain date. The ad was improperly ran but not intentionally. We will double check all items going to bid. If an item is sent by any department it will be double checked at the Judge Executive's office. If it originates here it will be double checked by the treasurer's office.

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

Section IV: Summary Schedule of Prior Audit Findings

Finding Number	Prior Year Finding Title	Status	Corrective Action
2023-001	The Ohio County Fiscal Court Does Not Have Adequate Controls Over Occupational And Net Profit Tax Collection	Unresolved	Every effort is made to file and maintain all documents.
2023-002	The Ohio County Detention Center Does Not Have Adequate Segregation Of Duties Over Jail Commissary Receipts And Disbursements	Unresolved	Per Jailer's response in prior year exit, the Detention Center will add a second signature to every check and document internal controls over the collection of receipts.

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

OHIO COUNTY FISCAL COURT

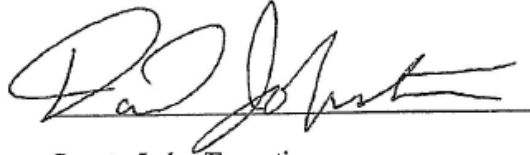
For The Year Ended June 30, 2024

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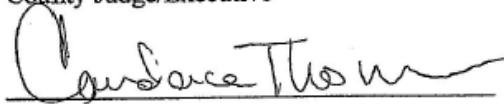
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
OHIO COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Ohio 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 dark ink, appearing to read "Dan Johnston", is written over a horizontal line.

County Judge/Executive

A handwritten signature in dark ink, appearing to read "Courance Thomas", is written over a horizontal line.

County Treasurer