

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

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



**ALLISON BALL
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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 Valerie Grigson, Robertson County Judge/Executive
Members of the Robertson 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 Robertson County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Robertson 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 Robertson County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Valerie Grigson, Robertson County Judge/Executive
Members of the Robertson County Fiscal Court

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

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

Other Matters

Supplementary Information

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

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

Other Information

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024, on our consideration of the Robertson 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 Robertson County Fiscal Court's internal control over financial reporting and compliance.

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

- 2023-001 The General Fund Owes The Road Fund \$48,150
- 2023-002 The Robertson County Fiscal Court Failed To Implement Adequate Internal Controls Regarding Oversight And Financial Reporting
- 2023-003 The Robertson County Fiscal Court Had Expenditures In Excess Of Budgeted Line Items And Did Not Budget Funds Properly
- 2023-004 The Robertson County Fiscal Court Did Not Have Strong Internal Controls Over Disbursement And The Bidding Process

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 4, 2024

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

Valerie Grigson	County Judge/Executive
Terry Cracraft	Magistrate
Larry Jones	Magistrate
Troy Martin	Magistrate
Billy Stitt	Magistrate
Rita Goddard	Magistrate

Other Elected Officials:

Jesse Melcher	County Attorney
Tim Wright	Jailer
Joanie Jolly	County Clerk
Tabitha Tilton	Circuit Court Clerk
Terry Gray	Sheriff
Annette Lovins	Property Valuation Administrator
Dusty Thompson	Coroner

Appointed Personnel:

Jeanie Cooper	County Treasurer
Janet Blevins	Chief Financial Officer

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Federal Fund
RECEIPTS				
Taxes	\$ 561,385	\$	\$	\$
Intergovernmental	406,639	840,874	71,298	5,310
Charges for Services	15		558	
Miscellaneous	110,849	3,048	2,205	
Interest	1,237	5,265		
Total Receipts	<u>1,080,125</u>	<u>849,187</u>	<u>74,061</u>	<u>5,310</u>
DISBURSEMENTS				
General Government	773,853			
Protection to Persons and Property	136,292		82,987	
General Health and Sanitation	7,591			
Social Services	1,500			
Recreation and Culture	13,487			
Roads		450,943		
Debt Service				
Administration	361,866	96,914	22,505	5,798
Total Disbursements	<u>1,294,589</u>	<u>547,857</u>	<u>105,492</u>	<u>5,798</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(214,464)</u>	<u>301,330</u>	<u>(31,431)</u>	<u>(488)</u>
Other Adjustments to Cash (Uses)				
Change In Payroll Revolving Account	21,601			
Transfers From Other Funds	347,328	5,000	35,000	
Transfers To Other Funds	(40,000)	(142,484)		(117)
Total Other Adjustments to Cash (Uses)	<u>328,929</u>	<u>(137,484)</u>	<u>35,000</u>	<u>(117)</u>
Net Change in Fund Balance	114,465	163,846	3,569	(605)
Fund Balance - Beginning (Restated)	76,823	1,099,185	(2,040)	605
Fund Balance - Ending	<u>\$ 191,288</u>	<u>\$ 1,263,031</u>	<u>\$ 1,529</u>	<u>\$ 0</u>
Composition of Fund Balance				
Bank Balance	\$ 98,054	\$ 33,012	\$ 3,345	\$
Savings Bank Balance	55,065	216,243		
Payroll Revolving Bank Balance	695			
Less: Outstanding Checks	(13,095)	(36,224)	(1,816)	
Certificates of Deposit	50,569	1,050,000		
Fund Balance - Ending	<u>\$ 191,288</u>	<u>\$ 1,263,031</u>	<u>\$ 1,529</u>	<u>\$ 0</u>

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

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

Budgeted Fund	Unbudgeted Funds			Private Purpose Trust Fund	
Opioid Settlement Fund	Document Fees Fund	Special ARPA Fund	Public Properties Corporation Fund	McDowell Old Folks Trust Fund	Total Funds
\$	\$	\$	\$	\$	\$
		204,727	205,021		561,385
					1,733,869
					573
15,994	4,210				136,306
					6,502
15,994	4,210	204,727	205,021		2,438,635
					773,853
	912	2,488			222,679
					7,591
					1,500
					13,487
					450,943
			205,982		205,982
					487,083
	912	2,488	205,982		2,163,118
15,994	3,298	202,239	(961)		275,517
					21,601
					387,328
		(204,727)			(387,328)
		(204,727)			21,601
15,994	3,298	(2,488)	(961)		297,118
		204,727	1,512	513	1,381,325
\$ 15,994	\$ 3,298	\$ 202,239	\$ 551	\$ 513	\$ 1,678,443
\$ 15,994	\$ 3,298	\$ 202,239	\$ 551	\$ 513	\$ 357,006
					271,308
					695
					(51,135)
					1,100,569
\$ 15,994	\$ 3,298	\$ 202,239	\$ 551	\$ 513	\$ 1,678,443

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

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TO THE FINANCIAL STATEMENT**

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**ROBERTSON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

Federal 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.

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

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Document Fees Fund - The primary purpose of this fund is to account for county clerk storage fees. The primary source of receipts for this fund is the county clerk.

Special ARPA Fund - The primary purpose of this fund is to account for the American Rescue Plan Act receipts and related disbursements. The primary sources of receipts for this fund are grants from the federal government.

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

D. Budgetary Information

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Robertson County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

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

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

Note 2. Deposits (Continued)

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 County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

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

	General Fund	Road Fund	Federal Fund	ARPA Fund	Total Transfers In
General Fund	\$	\$ 142,484	\$ 117	\$ 204,727	\$ 347,328
Road Fund	5,000				5,000
Jail Fund	35,000				35,000
Total Transfers Out	<u>\$ 40,000</u>	<u>\$ 142,484</u>	<u>\$ 117</u>	<u>\$ 204,727</u>	<u>\$ 387,328</u>

Reason for transfers:

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

Note 4. Private Purpose Funds

Private-purpose trust funds are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The fiscal court has the following private purpose trust fund:

McDowell Old Folks Trust Fund – This fund was established to benefit the senior citizens in Robertson County. The balance in the McDowell Old Folks Trust Fund as of June 30, 2023, is \$513.

Note 5. Lease – Lessor

During the fiscal year ending June 30, 2018, the Robertson County Fiscal Court began leasing office space at 420 North Main Street to the Cabinet for Health and Family Services. The lease is for eight years and the Robertson County Fiscal Court will receive quarterly payments of \$4,500. The Robertson County Fiscal Court recognized \$18,000 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Robertson County Fiscal Court's receivable for lease payments was \$40,497.

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

Note 6. Long-term Debt

A. Other Debt

1. First Mortgage Revenue Refunding Bonds, Series 2018

On March 1, 2018, the Robertson County Kentucky Public Properties Corporation issued \$2,315,000 first mortgage revenue refunding bonds, series 2018. The proceeds were used to fully refund the series 2008 bonds which had financed the construction of the Robertson County Judicial Center. Principal payments were payable annually on March 1 and interest payments were payable semi-annually on March 1 and September 1.

The Robertson County Fiscal Court entered into a renewable lease agreement with the Administrative Office of the Courts (AOC). Under the terms of the lease, AOC has agreed to make rental payments, equal to the amount of principal and interest due, directly to the trustee of the bonds. The fiscal court and the public properties corporation are in reliance upon the AOC payments in order to meet the debt service requirements of the bonds.

AOC, with the execution of the lease, has expressed its intention to continue to meet the full rental payments in each successive biennial budget period so long as any of the bonds remain outstanding, but the lease does not legally obligate AOC to do so.

As of June 30, 2023, bonds outstanding were \$1,740,000. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	\$ 145,000	\$ 59,381
2025	150,000	53,581
2026	155,000	47,581
2027	170,000	41,381
2028	175,000	34,581
2029-2033	<u>945,000</u>	<u>91,038</u>
Totals	<u>\$ 1,740,000</u>	<u>\$ 327,543</u>

B. Changes In Long-term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue Bonds	\$ 1,880,000	\$	\$ 140,000	\$ 1,740,000	\$ 145,000
Total Long-term Debt	<u>\$ 1,880,000</u>	<u>\$ 0</u>	<u>\$ 140,000</u>	<u>\$ 1,740,000</u>	<u>\$ 145,000</u>

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

Note 6. Long-term Debt (Continued)

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt	
	Principal	Interest
2024	\$ 145,000	\$ 59,381
2025	150,000	53,581
2026	155,000	47,581
2027	170,000	41,381
2028	175,000	34,581
2029-2033	945,000	91,038
Totals	<u>\$ 1,740,000</u>	<u>\$ 327,543</u>

Note 7. Employee Retirement System

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

The county's contribution for FY 2021 was \$124,258, FY 2022 was \$134,692, and FY 2023 was \$178,628.

Nonhazardous

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

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

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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 ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

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

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

F. Annual Financial Report and Proportionate Share Audit Report

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

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

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

Note 8. Deferred Compensation

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

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

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

Note 9. Health Reimbursement Account/Flexible Spending Account

Robertson County employees, who meet the eligibility requirements of the personnel policy as determined by the Robertson County Fiscal Court, may participate in a health reimbursement program. For the fiscal year ended June 30, 2023, the fiscal court contributed up to \$450 each month to participating full time employees. The fiscal court utilizes the revolving payroll fund to process the monthly health reimbursements.

Note 10. Insurance

For the fiscal year ended June 30, 2023, the Robertson County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Related Party Transactions

A magistrate is the owner of an auto parts store located in Mount Olivet, Kentucky. The fiscal court spent \$6,003 on purchases from the store during fiscal year 2023.

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

Note 12. Interfund Receivable and Payable

The table below adjusts the June 30, 2023 fund balance for the receivable and payable between the road fund and general fund that are not included on the financial statement prepared in accordance with the regulatory basis of accounting.

	General Fund	Road Fund
Cash Balance - Ending	\$ 191,288	\$ 1,263,031
Interfund Receivable (Payable)	(48,150)	48,150
Fund Balance - Ending	<u>\$ 143,138</u>	<u>\$ 1,311,181</u>

Note 13. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2023, was added to the general fund cash balance for financial reporting purposes. The reconciled bank balance for the payroll revolving account was \$695.

Note 14. Restatement of Beginning Balance

The beginning balance of the federal fund was restated by (\$204,727) and the special ARPA fund was restated by \$204,727, due to moving balance from one fund to a new fund.

ROBERTSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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ROBERTSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 428,500	\$ 428,500	\$ 561,385	\$ 132,885
Excess Fees	130,000	130,000		(130,000)
Intergovernmental	231,820	231,820	406,639	174,819
Charges for Services	200	200	15	(185)
Miscellaneous	88,750	88,750	110,849	22,099
Interest	1,200	1,200	1,237	37
Total Receipts	880,470	880,470	1,080,125	199,655
DISBURSEMENTS				
General Government	696,158	838,953	773,853	65,100
Protection to Persons and Property	179,700	185,147	136,292	48,855
General Health and Sanitation	12,000	12,000	7,591	4,409
Social Services	2,000	2,000	1,500	500
Recreation and Culture	12,000	13,487	13,487	
Capital Projects		100,000		100,000
Administration	264,908	114,267	361,866	(247,599)
Total Disbursements	1,166,766	1,265,854	1,294,589	(28,735)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(286,296)	(385,384)	(214,464)	170,920
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	142,484	142,484	347,328	204,844
Transfers To Other Funds	(31,188)	(31,188)	(40,000)	(8,812)
Total Other Adjustments to Cash (Uses)	111,296	111,296	307,328	196,032
Net Change in Fund Balance	(175,000)	(274,088)	92,864	366,952
Fund Balance - Beginning	175,000	175,000	76,823	(98,177)
Fund Balance - Ending	\$ 0	\$ (99,088)	\$ 169,687	\$ 268,775

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 715,504	\$ 715,504	\$ 840,874	\$ 125,370
Miscellaneous	7,000	7,000	3,048	(3,952)
Interest	200	200	5,265	5,065
Total Receipts	<u>722,704</u>	<u>722,704</u>	<u>849,187</u>	<u>126,483</u>
DISBURSEMENTS				
Roads	945,750	972,476	450,943	521,533
Administration	584,470	457,744	96,914	360,830
Total Disbursements	<u>1,530,220</u>	<u>1,430,220</u>	<u>547,857</u>	<u>882,363</u>
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	<u>(807,516)</u>	<u>(707,516)</u>	<u>301,330</u>	<u>1,008,846</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			5,000	5,000
Transfers To Other Funds	<u>(142,484)</u>	<u>(142,484)</u>	<u>(142,484)</u>	
Total Other Adjustments to Cash (Uses)	<u>(142,484)</u>	<u>(142,484)</u>	<u>(137,484)</u>	<u>5,000</u>
Net Change in Fund Balance	(950,000)	(850,000)	163,846	1,013,846
Fund Balance - Beginning	<u>950,000</u>	<u>950,000</u>	<u>1,099,185</u>	<u>149,185</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 1,263,031</u>	<u>\$ 1,163,031</u>

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

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 76,500	\$ 76,500	\$ 71,298	\$ (5,202)
Charges for Services	1,000	1,000	558	(442)
Miscellaneous	3,000	3,000	2,205	(795)
Total Receipts	80,500	80,500	74,061	(6,439)
DISBURSEMENTS				
Protection to Persons and Property	90,880	97,994	82,987	15,007
Administration	23,808	16,694	22,505	(5,811)
Total Disbursements	114,688	114,688	105,492	9,196
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	(34,188)	(34,188)	(31,431)	2,757
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	31,188	31,188	35,000	3,812
Total Other Adjustments to Cash (Uses)	31,188	31,188	35,000	3,812
Net Change in Fund Balance	(3,000)	(3,000)	3,569	6,569
Fund Balance - Beginning	3,000	3,000	(2,040)	(5,040)
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,529	\$ 1,529

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

	FEDERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 204,727	\$ 204,727	\$ 5,310	\$ (199,417)
Total Receipts	204,727	204,727	5,310	(199,417)
DISBURSEMENTS				
Administration	419,454	419,454	5,798	413,656
Total Disbursements	419,454	419,454	5,798	413,656
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	(214,727)	(214,727)	(488)	214,239
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(117)	(117)
Total Other Adjustments to Cash (Uses)			(117)	(117)
Net Change in Fund Balance	(214,727)	(214,727)	(605)	214,122
Fund Balance - Beginning (Restated)	214,727	214,727	605	(214,122)
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

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

OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
RECEIPTS			
Miscellaneous	\$	\$ 15,994	\$ 15,994
Total Receipts		15,994	15,994
DISBURSEMENTS			
Administration		15,994	15,994
Total Disbursements		15,994	15,994
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			15,994
Net Change in Fund Balance			15,994
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 15,994

ROBERTSON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

Note 1. Budgetary Information

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

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

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

Note 2. Excess of Disbursements Over Appropriations

The general fund, administration line-item exceeded budgeted appropriations by \$247,599. The jail fund, administration line-item, exceeded budgeted appropriations by \$5,811.

Note 3. Reconciliation of General Fund

Other Adjustments to Cash (Uses)	\$ 307,328
To adjust for Change in Payroll Account	<u>21,601</u>
Total Other Adjustments to Cash (Uses)-Regulatory Basis	<u><u>\$ 328,929</u></u>
Fund Balance - Ending	\$ 169,687
To adjust for Change in Payroll Account	<u>21,601</u>
Total Ending Balance-Regulatory Basis	<u><u>\$ 191,288</u></u>

ROBERTSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

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ROBERTSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 120,000	\$	\$	\$ 120,000
Buildings	5,727,813			5,727,813
Vehicles	550,210			550,210
Machinery and Equipment	767,300			767,300
Infrastructure	4,015,581			4,015,581
 Total Capital Assets	 <u>\$ 11,180,904</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 11,180,904</u>

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

June 30, 2023

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings	\$ 25,000	10-60
Vehicles	\$ 2,500	3-10
Machinery and Equipment	\$ 2,500	5
Infrastructure	\$ 20,000	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 Valerie Grigson, Robertson County Judge/Executive
Members of the Robertson 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 Robertson County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Robertson County Fiscal Court's financial statement and have issued our report thereon dated March 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-002, 2023-003, and 2023-004 to be material weaknesses.



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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Robertson County Fiscal Court's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002, 2023-003, and 2023-004.

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 4, 2024

**ROBERTSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

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**ROBERTSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

FINANCIAL STATEMENT FINDINGS:

2023-001 The General Fund Owes The Road Fund \$48,150

This is a repeat finding and was included in the prior year audit report as finding 2022-001. During fiscal year 2009, the fiscal court transferred funds from the road fund to the general fund in excess of the amount allowable according to the road cost allocation worksheet. The overage was \$96,500. The county was to return the excess amount back to the road fund from the general fund. Due to cash flow constraints, the county has been making payments each year from the general fund to the road fund to try and reduce the amount owed. During fiscal year 2023, the county made a payment of \$5,000 to the road fund. The outstanding liability amount was \$48,150 as of June 30, 2023.

In fiscal year 2009, \$96,500 of restricted road funds were transferred to the general fund in excess of the approved amount. This created a receivable and payable between the funds. Under the regulatory basis of accounting, fund balances are not adjusted on the financial statement for the unpaid liability; however, the liability is still owed.

KRS 177.320(1) requires road funds to be used for the “construction, reconstruction and maintenance of secondary and rural roads and for no other purpose”. The road fund is restricted for transportation, with the exception of the approved amount calculated on the road fund cost allocation worksheet.

We recommend the general fund liability be paid as money becomes available.

County Judge/Executive’s Response: The County will continue to make payments to the Road Fund as funds become available and until this FY 2009 debt is paid.

2023-002 The Robertson County Fiscal Court Failed To Implement Adequate Internal Controls Regarding Oversight And Financial Reporting

The fiscal court and management failed to maintain adequate oversight and financial reporting during fiscal year 2023, resulting in the following issues:

- The general, opioid, and document fees fund appropriations did not agree with what was reported to the Department for Local Government.
- The opioid and special ARPA funds had original budgets on the fourth quarter financial statement; however, they were not included on the approved original budget .
- The approved budgets of the general fund and federal fund did not agree with the original budget reported in the fourth quarter report.
- The special ARPA fund did not have an approved original budget but \$204,727 was reported as the original budget on the fourth quarter report.
- The SEFA (Schedule of Expenditures of Federal Awards) was incorrect. The treasurer included money that was not a federal grant and also did not report money that was a federal grant.
- The public property corporation’s financial statement was materially misstated by \$172,491 in receipts and disbursements.
- A \$50,000 federal fund grant was received into the general fund bank account; however, it was posted to the ledgers in the federal fund. The money was never transferred to the federal fund bank account which resulted in the money being accounted for on the incorrect fund.
- Transfers between funds were not completed correctly.
- Reserve for transfer in the general fund on the fourth quarter report is negative \$204,472.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-002 The Robertson County Fiscal Court Failed To Implement Adequate Internal Controls Regarding Oversight And Financial Reporting (Continued)

- The original treasurer's settlement was not complete or accurate. A new treasurer's settlement with the corrections provided by the outside consultant has not been approved by the fiscal court.

Management was inexperienced and was unaware of all compliance requirements. The fiscal court had several noncompliance issues and undetected errors resulting in an inaccurate fourth quarter report and operating budget, as well as an incorrect SEFA. By not having an accurate financial reporting system, the fiscal court and outside readers cannot make informed decisions due to incorrect financial information. After the issues were discovered by auditors, the county hired an outside consultant to correct the issues.

It is the fiscal court and management's responsibility to ensure adequate internal controls and procedures are in place to ensure complete and accurate financial reporting and to ensure taxpayers resources are used efficiently, effectively, and for intended purposes. There are numerous statutes and requirements outlined in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* that govern county operations.

We recommend the fiscal court and management strengthen internal controls over financial reporting by providing strong oversight and review processes to ensure all financial activity is complete and accurate and is properly recorded and classified. Procedures should also be implemented to ensure compliance with applicable statutes, regulations, and policies.

County Judge/Executive's Response: The current CJE sent staff to Budget Training. Staff completed training provided by the State Auditor's Office. The former Treasurer trained offsite with another County's treasurer. The Fiscal Court and CJE(s) hired an outside professional to help create the budgets in FY 22 and 23. The Fiscal Court and CJE hired an outside professional to reinput work and reports produced in FY 2022-23. As the former treasurer resigned in January 2024, a new Treasurer was hired in December 2023. The new Treasurer has experience in fund accounting, municipal budgeting, and grant reporting. The CJE recommends the Fiscal Court employ the services of the State Auditor's Office for future audits. We believe these issues were previously ongoing. However, they were not included in the scope of prior audits completed by a private firm. We believe the Auditor's Office will conduct a broader audit, more relevant to our situation.

2023-003 The Robertson County Fiscal Court Had Expenditures In Excess Of Budgeted Line Items And Did Not Budget Funds Properly

This is a repeat finding and was included in the prior year audit report as finding 2022-003. One line-item appropriation within the general and jail fund was in excess of budgeted amounts. This means the funds were spent from line items that did not have the budget available per the appropriation ledger. The general fund overspent the administration line-item by \$247,599, the fund in total was overspent by \$28,735. The jail fund overspent the administration line-item by \$5,811. The document fees and special fund ARPA funds were not budgeted in the original budget and a budget amendment was not completed. Controls were not in place to make sure someone was actively monitoring appropriations to ensure they did not exceed budgeted amounts, or if an expenditure was going to cause a line-item to be overspent, that a line-item budget transfer was done before the expenditure was made. Having line items that exceed budgeted amounts puts the county in noncompliance with state laws and regulations.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-003 The Robertson County Fiscal Court Had Expenditures In Excess Of Budgeted Line Items And Did Not Budget Funds Properly (Continued)

KRS 68.210 requires the state local finance officer to create a uniform system of accounts for all counties and county officials. The *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for handling of public funds, including required purchasing procedures for counties. These requirements prescribe that “[p]urchase requests shall not be approved in an amount that exceeds the available line-item appropriation unless the necessary and appropriate transfers have been made.”

Regarding budget amendments, KRS 68.280 states, “[t]he fiscal court may make provision for the expenditure of receipts unanticipated in the original budget by preparing an amendment to the budget, showing the source and amount of the unanticipated receipts and specifying the budget funds that are to be increased thereby. The amendment shall be submitted to the state local finance officer subject to the same provisions as the original budget.” Budget amendments should be prepared when unanticipated revenues are received so that the funds can be expended without consequence.

KRS 68.300 requires that no appropriation in excess of any budget fund should be made or claim allowed by the fiscal court. Claims of the nature shall be void and no member of the fiscal court shall vote for any such illegal appropriation or claim. The county treasurer shall be liable on her official bond for the amount of any county warrant willfully or negligently signed or countersigned by her in excess of the budget fund out of which the warrant is paid.

Good internal controls for purchase requests exceeding budget appropriations would lead to discussion with both the county treasurer and the county judge/executive as to whether the purchase order will be issued, the necessity and appropriateness of a budget transfer to cover the expense, and if other issues need to be addressed related to spending

We recommend the county strengthen controls over the disbursements process to ensure purchases being made do not cause an issue with overspending a line-item budget amount and that all funds be budgeted in accordance with KRS 68.210 and KRS 68.300. Further, we recommend timely budget amendments be submitted for unanticipated receipts. If it looks like that will occur there should be discussion with both the county treasurer and the county judge/executive as to whether a budget transfer needs to be completed prior to the expense being made in order to be in compliance with applicable state laws and regulations.

County Judge/Executive's Response: The current CJE sent staff to Budget Training. Staff completed training provided by the State Auditor's Office. The former Treasurer trained offsite with another County's treasurer. The Fiscal Court and CJE(s) hired an outside professional to help create the budgets in FY 22 and 23. The Fiscal Court and CJE hired an outside professional to reinput work and reports produced in FY 2022-23. As the former treasurer resigned in January 2024, a new Treasurer was hired in December 2023. The new Treasurer has experience in fund accounting, municipal budgeting, and grant reporting. The CJE recommends the Fiscal Court employ the services of the State Auditor's Office for future audits. We believe these issues were previously ongoing. However, they were not included in the scope of prior audits completed by a private firm. We believe the Auditor's Office will conduct a broader audit, more relevant to our situation.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-004 The Robertson County Fiscal Court Did Not Have Strong Internal Controls Over Disbursements
 And The Bidding Process

Internal controls over disbursements were not operating as intended during Fiscal Year 2023. The following exceptions were noted during disbursement testing:

- Two (2) invoices were not paid within 30 working days of the receipt totaling \$899.
- Five (5) invoices were not presented to fiscal court before payment, totaling \$16,689.
- The bid documents could not be located by the county for two disbursements for road construction totaling \$104,110.

The following exceptions were noted on credit card transactions during testing:

- Eleven (11) disbursements did not have supporting documentation, totaling \$902.
- Interest charges of \$292 and late charges of \$39 were paid.

These deficiencies were allowed to occur due to a lack of oversight and proper review of supporting documentation. Due to a lack of controls over disbursements, the county could incur additional interest and penalties on late payments, incur expenses the county is not obligated for, and exceed available line-item budgets.

Proper internal controls over disbursements are important to ensure invoices are paid within 30 days, to ensure payments are posted correctly, and claims presented to fiscal court include proper supporting documentation.

KRS 68.275 requires the county judge/executive to present all claims to the fiscal court for review prior to payment unless the expenses are included on a standing order adopted by the fiscal court to preapprove the payment of certain claims such as monthly payroll and utility expenses. Furthermore, KRS 65.140 requires invoices to be paid within 30 working days of being received.

The version of KRS 424.260(1) in effect during the subject fiscal year stated, “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for: (a) Materials (b) Supplies except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits; (c) Equipment; or (d) Contractual services other than professional; involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids.”

We recommend the fiscal court implement proper internal controls over disbursements and the bidding process to ensure they are operating effectively.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The magistrates approved changes to the purchasing policy and added encumbrances to the board packets in CY 2023. The CJE recommends the adoption of two court meetings per month to ensure invoices are paid timely. The finance officer anticipates repetitive bills and adds those estimates to the encumbrance list each month to ensure invoices are approved and paid timely.

Of the two items totaling \$16,689, we do believe approval was attempted and that these items were presented to the magistrates (as per the FC minutes), prior to payment. However, we agree that the minutes did not accurately

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-004 The Robertson County Fiscal Court Did Not Have Strong Internal Controls Over Disbursements
 And The Bidding Process (Continued)

reflect all approval process, nor did they specify amounts. We will ensure that the minutes accurately reflect the approval of all invoices.

The former CJE did not have the fiscal court approve the Buffalo Trace Area Development District bidder list for FY 2023. Once this was brought to the attention of the current CJE, the BTADD bidder list was approved by the magistrates. The magistrates also adopted the state threshold requirements for bids.

Regarding credit card disbursements, interest, and late fees, the former CJE did not supply all receipts for charges in FY 23. The former finance officer correctly paid only those items for which she had receipts. The credit card has been paid in full. The current CJE and all magistrates closed all credit card accounts, in early CY 2023. Changes were made to the policies regarding the use of credit cards and one new credit card was opened.