

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

**For The Year Ended
June 30, 2022**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

The enclosed report prepared by Kelley, Galloway, Smith, Goolsby, PSC, presents the financial statement of Boyd County, Kentucky, for the year ended June 30, 2022.

We engaged Kelley, Galloway, Smith, Goolsby, PSC, to perform the audit of this financial statement. We worked closely with the firm during our report review process; Kelley, Galloway, Smith, Goolsby, PSC, evaluated the Boyd County Fiscal Court's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

Enclosure



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**Kelley Galloway
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Independent Auditor's Report

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 Boyd County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Boyd 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 Boyd County Fiscal Court, for the year ended June 30, 2022, 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 Boyd County Fiscal Court, for the year ended June 30, 2022, 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 Boyd 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.

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

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

Boyd 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 Boyd 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Boyd County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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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 Boyd 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.

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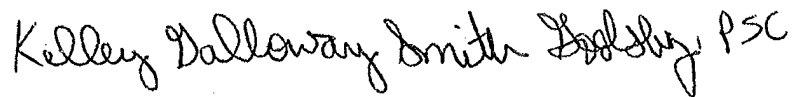
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2023, on our consideration of the Boyd 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 Boyd 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:

- 2022-001 The Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated
- 2022-002 The Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements
- 2022-003 Budget Amounts Were Misstated On The Quarterly Report

Respectfully submitted,



Ashland, Kentucky

June 8, 2023

BOYD COUNTY OFFICIALS
For The Year Ended June 30, 2022

Fiscal Court Members:

Eric Chaney	County Judge/Executive
Keith Watts	Commissioner
Randy Stapleton	Commissioner
Larry Brown	Commissioner

Other Elected Officials:

Phillip Hedrick	County Attorney
William Hensley	Jailer
Kevin Johnston	County Clerk
Tracey Kelley	Circuit Court Clerk
Bobby Jack Woods	Sheriff
Charles Adkins	Property Valuation Administrator
Mark Hammond	Coroner

Appointed Personnel:

Patricia Ball	County Treasurer
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BOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2022

BOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2022

	Budgeted Funds			Local Government Economic Assistance Fund
	General Fund	Road Fund	Jail Fund	
RECEIPTS				
Taxes	\$ 12,390,789	\$	\$	\$
Excess Fees	3,741,922			
Licenses and Permits	108,053			
Intergovernmental	6,204,990	1,231,441	1,144,624	6,670
Charges for Services	61,216	199,258	22,774	
Miscellaneous	1,385,282	32,916	107,898	866
Interest	2,270	278	135	17
Total Receipts	<u>23,894,522</u>	<u>1,463,893</u>	<u>1,275,431</u>	<u>7,553</u>
DISBURSEMENTS				
General Government	7,783,569	1,599		100
Protection to Persons and Property	474,875		3,910,964	
General Health and Sanitation	293,766			
Social Services				
Recreation and Culture	1,081,343			
Roads		3,042,493		153
Debt Service	1,881,588			
Capital Projects				
Administration	4,619,938	502,804	1,124,953	
Total Disbursements	<u>16,135,079</u>	<u>3,546,896</u>	<u>5,035,917</u>	<u>253</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	<u>7,759,443</u>	<u>(2,083,003)</u>	<u>(3,760,486)</u>	<u>7,300</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	13,930,292			
Payment to Capitalized Interest Fund	(261,900)			
Transfers From Other Funds	1,696,925	2,145,000	3,996,000	
Transfers To Other Funds	(16,400,551)			
Total Other Adjustments to Cash (Uses)	<u>(1,035,234)</u>	<u>2,145,000</u>	<u>3,996,000</u>	
Net Change in Fund Balance	6,724,209	61,997	235,514	7,300
Fund Balance - Beginning (Restated)	4,587,192	34,304	51,095	5,829
Fund Balance - Ending	<u>\$ 11,311,401</u>	<u>\$ 96,301</u>	<u>\$ 286,609</u>	<u>\$ 13,129</u>
Composition of Fund Balance				
Bank Balance	\$ 11,472,449	\$ 231,152	\$ 336,125	\$ 13,129
Less: Outstanding Checks	(161,048)	(134,851)	(49,516)	
Fund Balance - Ending	<u>\$ 11,311,401</u>	<u>\$ 96,301</u>	<u>\$ 286,609</u>	<u>\$ 13,129</u>

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

BOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2022
(Continued)

Budgeted Funds							
Economic Development Fund	Special Projects Fund	Escrow Fund	Emergency Fund	Senior Center Fund	Federal Grants Fund	FEMA Fund	ABC Fund
\$	\$	\$	\$	\$	\$	\$	\$
106,525		380,552	186,487	2,150		4,899,615	86,013
29	372	140	874		6,560		36
<u>106,554</u>	<u>372</u>	<u>380,692</u>	<u>187,361</u>	<u>2,150</u>	<u>6,560</u>	<u>4,899,615</u>	<u>86,049</u>
112,217	884,292	77,042				4,766,300	3,726
						91,754	
				11,758			
	23,267						
		115,000			516,281		
<u>112,217</u>	<u>907,559</u>	<u>192,042</u>		<u>11,758</u>	<u>2,505,430</u>	<u>5,580,131</u>	<u>3,726</u>
<u>(5,663)</u>	<u>(907,187)</u>	<u>188,650</u>	<u>187,361</u>	<u>(9,608)</u>	<u>(3,015,151)</u>	<u>(5,538,570)</u>	<u>82,323</u>
						5,779,027	
200	1,000,000	202,900	105,000	10,480	7,042,642	80,774	
(130)	(5,430)	(510,000)	(1,205,000)			(330,000)	(6,925)
<u>70</u>	<u>994,570</u>	<u>(307,100)</u>	<u>(1,100,000)</u>	<u>10,480</u>	<u>7,042,642</u>	<u>5,529,801</u>	<u>(6,925)</u>
(5,593)	87,383	(118,450)	(912,639)	872	4,027,491	(8,769)	75,398
21,276	4,419	455,433	1,216,693	152		17,955	
<u>\$ 15,683</u>	<u>\$ 91,802</u>	<u>\$ 336,983</u>	<u>\$ 304,054</u>	<u>\$ 1,024</u>	<u>\$ 4,027,491</u>	<u>\$ 9,186</u>	<u>\$ 75,398</u>
\$ 19,177	\$ 129,299	\$ 337,179	\$ 304,054	\$ 2,077	\$ 4,027,491	\$ 18,287	\$ 75,623
(3,494)	(37,497)	(196)		(1,053)		(9,101)	(225)
<u>\$ 15,683</u>	<u>\$ 91,802</u>	<u>\$ 336,983</u>	<u>\$ 304,054</u>	<u>\$ 1,024</u>	<u>\$ 4,027,491</u>	<u>\$ 9,186</u>	<u>\$ 75,398</u>

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

BOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2022
(Continued)

	<u>Unbudgeted Funds</u>			
	<u>Sewer Fund</u>	<u>Capital Projects Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$	\$	\$	\$12,390,789
Excess Fees				3,741,922
Licenses and Permits				108,053
Intergovernmental		1,405,075		9,992,800
Charges for Services				283,248
Miscellaneous	5,205,000		496,863	12,890,167
Interest		1,461	67	12,239
Total Receipts	<u>5,205,000</u>	<u>1,406,536</u>	<u>496,930</u>	<u>39,419,218</u>
DISBURSEMENTS				
General Government				13,628,845
Protection to Persons and Property				4,477,593
General Health and Sanitation				293,766
Social Services				11,758
Recreation and Culture			410,657	1,492,000
Roads				3,065,913
Debt Service	5,298,555	3,341,135		16,101,409
Capital Projects				516,281
Administration		4,000		8,872,125
Total Disbursements	<u>5,298,555</u>	<u>3,345,135</u>	<u>410,657</u>	<u>48,459,690</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	<u>(93,555)</u>	<u>(1,938,599)</u>	<u>86,273</u>	<u>(9,040,472)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				19,709,319
Payment to Capitalized Interest Fund				(261,900)
Transfers From Other Funds	92,972	2,085,143		18,458,036
Transfers To Other Funds				(18,458,036)
Total Other Adjustments to Cash (Uses)	<u>92,972</u>	<u>2,085,143</u>		<u>19,447,419</u>
Net Change in Fund Balance	(583)	146,544	86,273	10,406,947
Fund Balance - Beginning (Restated)	583	787,679	251,706	7,434,316
Fund Balance - Ending	<u>\$</u>	<u>\$ 934,223</u>	<u>\$ 337,979</u>	<u>\$17,841,263</u>
Composition of Fund Balance				
Bank Balance	\$	\$ 934,223	\$ 343,992	\$18,244,257
Less: Outstanding Checks			(6,013)	(402,994)
Fund Balance - Ending	<u>\$</u>	<u>\$ 934,223</u>	<u>\$ 337,979</u>	<u>\$17,841,263</u>

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

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TO THE FINANCIAL STATEMENT**

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BOYD COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

Sanitation District No. 4 would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they are no longer required components of the reporting entity.

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.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(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. This fund also includes the Home Incarceration Program. 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 for coal hauling roads and related disbursements such as county road maintenance, industrial and economic development, public safety, and environmental protection. The primary sources of receipts for this fund are grants from the state and federal governments.

Economic Development Fund - Grant money was received into this fund to purchase land to build and maintain a community center. The primary sources of receipts for this fund are federal and state grants.

Special Projects Fund - The primary purpose of this fund is to account for major building projects around the county. The primary sources of receipts for this fund are federal and state grants.

Escrow Fund - The primary purpose of this fund is to reserve funds from net profit tax payments received from large companies in the county in the event that a company estimated incorrectly and is due a refund. The primary source of receipts for this fund is net profit tax proceeds transferred from the general fund.

Emergency Fund - The primary purpose of this fund is to account for special projects, emergency repairs, and COVID-19 related expenses. The primary sources of receipts for this fund are 5% of occupational tax, as well as federal, state, and local grants.

Senior Center Fund - The primary purpose of this fund is to maintain a community senior center that also houses the KY Northeastern Action Agency that provides services for the senior citizens. The primary sources of receipts for this fund are through the rental of the agency and rental of the recreation room and transfers from the general fund.

Federal Grants Fund - The primary purpose of this fund is to account for the American Rescue Program grant funds and related expenses. The primary sources of receipts for this fund are federal grants.

FEMA Fund - The primary purpose of this fund is to account for the county's FEMA related projects that they get reimbursed on. The primary sources of receipts for this fund are federal and state grants and temporary financing until the federal and state grants are received.

ABC Fund - The primary purpose of this fund is to account for the regulatory license fees collected and track its expenses in accordance with KRS 243.075. The primary sources of receipts for this fund are regulatory license fees collected.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Sewer Fund - The primary purpose of this fund is to account for financing for the construction of additional sewer lines and the debt service payments on debt incurred for the construction of sewer lines for the benefit of Sanitation District #4. The primary sources of receipts are transfers from the general fund. This debt was paid off during the year, so this fund will no longer exist in future years. This fund is required to be budgeted by the Department for Local Government; however, it was not budgeted by the fiscal court.

Capital Projects Fund - The primary purpose of this fund is to account for the financing and construction of major capital facilities. The primary sources of receipts for the fund are federal and state grants, space rental, and transfers from the general, road and jail funds. The Department for Local Government does not require the fiscal court to report or budget this fund.

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

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting, 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 and according to the laws of Kentucky as required by the state local finance officer.

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.

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

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Boyd County Elected Officials

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

H. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the following are considered joint ventures of the Boyd County Fiscal Court:

- The East Park Industrial Park is disclosed as an organization jointly governed by the Kentucky counties of Boyd, Carter, Elliott, Greenup and Lawrence.
- The Greenup/Boyd Riverport Authority is disclosed as an organization jointly governed by the Kentucky counties of Greenup and Boyd.
- The 911 Board (Regional Public Safety Communication Center) is jointly governed by Boyd County and the cities of Ashland and Catlettsburg.
- The Airport Board (Ashland Regional Airport) is jointly governed by Boyd County, Greenup County, and the City of Ashland.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 2. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *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.

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*. However, as of June 30, 2022, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement. Uninsured and uncollateralized deposits totaled \$803,081 as of June 30, 2022.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2022.

	General Fund	Economic Development Fund	FEMA Fund	Escrow Fund	ABC Fund	Special Projects Fund	Emergency Fund	Total Transfers In
General Fund	\$	\$	\$ 280,000	\$ 510,000	\$ 6,925	\$	\$ 900,000	\$ 1,696,925
Road Fund	2,095,000		50,000					2,145,000
Jail Fund	3,691,000						305,000	3,996,000
Economic Development Fund	200							200
Emergency Fund	105,000							105,000
Escrow Fund	202,900							202,900
Sewer Fund	92,972							92,972
FEMA Fund	80,774							80,774
Special Projects Fund	1,000,000							1,000,000
Federal Grants Fund	7,037,212					5,430		7,042,642
Senior Center Fund	10,350	130						10,480
Capital Projects Fund	2,085,143							2,085,143
Total Transfers Out	<u>\$ 16,400,551</u>	<u>\$ 130</u>	<u>\$ 330,000</u>	<u>\$ 510,000</u>	<u>\$ 6,925</u>	<u>\$ 5,430</u>	<u>\$ 1,205,000</u>	<u>\$ 18,458,036</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.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 4. Custodial Funds

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

The fiscal court has the following custodial funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2022, was \$85,521.

Inmate Bond Fund - This fund accounts for funds received from the inmates for bonds. The balance in the inmate bond fund as of June 30, 2022, was \$5,109.

Drug Court Funds - These funds account for Agency for Substance Abuse Policy (ASAP) funds that have been set aside for certain drug court programs by the KY-ASAP Tri-County Local Board. This funding is intended for residential treatment services to drug court participants. The Boyd County Fiscal Court acts as fiscal agent by dispersing funds at the request of the Judge of the Boyd County Misdemeanor Drug Court to the residential treatment provider. Two bank accounts have been set up to account for these funds and the balances as of June 30, 2022 were \$12,122 and \$3,771.

Federal Prison Occupational Tax Fund - This fund accounts for the occupational tax withholdings of employees from the Ashland Federal Prison Institution. At the end of each month, the occupational tax coordinator issues a check to pay these withholdings to the general fund of the county. During the fiscal year, this account received from federal prison employees and paid to the general fund \$38,049 in occupational tax.

Note 5. Lease Agreement

On June 22, 2016, the Boyd County Fiscal Court entered into a lease agreement to lease several vehicles for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. The annual lease payments required under the leasing agreement at June 30, 2022 are as follows:

Fiscal Year Ended	
<u>June 30</u>	<u>Amount</u>
2023	\$ 112,374
2024	107,696
2025	100,442
2026	81,704
2027	<u>20,657</u>
Totals	<u>\$ 422,873</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Voting Machines

On October 21, 2021, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$393,806 to purchase voting machines. The agreement has an interest rate of 3.19 percent. Principal and interest payments are due each year on November 20th and will mature on November 20, 2026.

The loan is secured by the voting machines being purchased. Upon the occurrence of an event of default, the lessor may (a) by written notice to lessee declare an amount equal to all amounts then due be immediately due and payable, (b) enter and take immediate possession of the voting machines, (c) sell or lease the voting machines, or (d) exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law or proceed by appropriate court action to enforce the terms of this lease or to recover damages for the breach of this lease or to rescind this lease as to any or all of the project. The outstanding principal at June 30, 2022, was \$273,806. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 74,180	\$ 14,089
2024	77,056	10,281
2025	78,926	7,802
2026	43,644	2,663
	\$ 273,806	\$ 34,835

2. Mack Trucks

On October 21, 2021, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$441,486 to purchase two Mack trucks. The agreement has an interest rate of 2.50 percent. Interest payments are due monthly beginning on December 20, 2021 and ending on May 20, 2023. One principal payment is due on May 20, 2023.

The loan is secured by the trucks being purchased. If an event of default has occurred, the lessor of this direct borrowing may: (a) terminate the lease term and give notice to the fiscal court to surrender the trucks within 60 days of notice, (b) sell or re-lease the trucks, (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights to the trucks. The outstanding principal at June 30, 2022 was \$441,486. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 441,486	\$ 12,558
	\$ 441,486	\$ 12,558

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Backhoe

On September 3, 2019, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$71,560 to purchase a 2019 Caterpillar backhoe. The agreement has an interest rate of 3.80 percent. Principal and interest payments are due each year on December 3rd and will mature on December 3, 2024. The loan is secured by the backhoe being purchased. Upon the occurrence of an event of default, the lessor may (a) by written notice to lessee declare an amount equal to all amounts then due be immediately due and payable, (b) enter and take immediate possession of the backhoe, (c) sell or lease the backhoe, or (d) exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law or proceed by appropriate court action to enforce the terms of this lease or to recover damages for the breach of this lease or to rescind this lease as to any or all of the project. The outstanding principal at June 30, 2022 was paid in full.

4. Freightliner

On September 30, 2019, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$133,180 to purchase a 2020 Freightliner truck. The agreement has an interest rate of 3.45 percent. Principal and interest payments are due each year on December 3rd and will mature on December 3, 2026. The loan is secured by the freightliner being purchased. Upon the occurrence of an event of default, the lessor may (a) by written notice to lessee declare an amount equal to all amounts then due be immediately due and payable, (b) enter and take immediate possession of the freightliner, (c) sell or lease the freightliner, or (d) exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law or proceed by appropriate court action to enforce the terms of this lease or to recover damages for the breach of this lease or to rescind this lease as to any or all of the project. The outstanding principal at June 30, 2022, was paid in full.

5. Line of Credit

On January 23, 2020, the Boyd County Fiscal Court entered into a line of credit agreement not to exceed \$2,000,000. The purpose of this line of credit is to carry cost in relation to destruction and rehabilitation of Federal Emergency Management Agency (FEMA) properties until the County is reimbursed by FEMA of the United States Department of Homeland Security. Interest payments are due monthly on the 20th based on a payment schedule that is attached to the monthly invoice. The amounts on the payment schedule vary from month to month as additional draws are incurred. The interest rate on the line of credit is 3.25 percent, and it has to be paid in full by February 20, 2023. The line of credit is unsecured. If an event of default has occurred, the lessor of this direct borrowing may: (a) terminate the lease term and give notice to the fiscal court to vacate within 60 days of notice, (b) sell or re-lease the project, (c) recover from the fiscal court the lease rental payments which would otherwise have been payable, and (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law. As of June 30, 2022, the loan was paid in full.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

6. KACO - FEMA

On August 31, 2021, the Boyd County Fiscal Court entered into a lease agreement not to exceed \$4,000,000. The purpose of this agreement is to carry cost in relation to construction and rehabilitation of Federal Emergency Management Agency (FEMA) properties until the county is reimbursed by FEMA of the United States Department of Homeland Security. The agreement is renewable annually. Interest payments are due monthly on the 20th based on a payment schedule that is attached to the monthly invoice. The amounts on the payment schedule vary from month to month as additional draws are incurred. The interest rate on the line of credit is 3.5%, and it has to be paid in full by September 20, 2024.

The lease agreement is secured by the project. If an event of default has occurred, the lessor of this direct borrowing may: (a) terminate the lease term and give notice to the fiscal court to vacate within 60 days of notice, (b) sell or re-lease the project, (c) recover from the fiscal court the lease rental payments which would otherwise have been payable, and (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law. The outstanding principal at June 30, 2022, was \$1,136,055. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$	\$ 39,762
2024		39,762
2025	1,136,055	9,941
	<u>\$ 1,136,055</u>	<u>\$ 89,465</u>

7. Truck

On January 3, 2020, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$21,860 to purchase a truck. The agreement has an interest rate of 3.25 percent. Principal and interest payments are due monthly on the 3rd and will mature on January 3, 2024. The loan is secured by the truck being purchased. Upon the occurrence of an event of default, the lessor may (a) by written notice to lessee declare an amount equal to all amounts then due be immediately due and payable, (b) use any and all remedies under state or federal law or in any loan document, (c) make a claim for any and all insurance benefits or refunds that may be available, or (d) repossess the truck. The outstanding principal at June 30, 2022, was paid in full.

8. Skid Steer

On November 12, 2020, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$60,500 to purchase a skid steer for the road department. The agreement has an interest rate of 3.95 percent. Principal and interest payments are due monthly beginning on November 12, 2020 and will mature on October 12, 2025. The skid steer, including the original title are the collateral given as security for the direct borrowing. In the event of default, the lessor may (a) make all or any part of the amount owed immediately due, (b) use any and all remedies under state or federal law, (c) make a claim for any insurance benefits that are available upon default, (d) require the return of the property (skid steer) to the nearest John Deere dealership. The outstanding principal at June 30, 2022 was \$41,514.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

8. Skid Steer (Continued)

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 11,886	\$ 1,426
2024	12,364	948
2025	12,862	450
2026	4,402	54
	\$ 41,514	\$ 2,878

9. Trucks

On August 5, 2020, the Boyd County Fiscal Court entered into a direct borrowing in the amount of \$595,666 to refinance and purchase Mack trucks. The agreement has an interest rate of 3.65 percent. Interest payments are due monthly beginning on September 20, 2020 and ending on February 20, 2022. One principal payment is due on February 20, 2022. The loan is secured by the trucks. If an event of default has occurred, the lessor of this direct borrowing may: (a) terminate the lease term and give notice to the fiscal court to surrender the trucks within 60 days of notice, (b) sell or re-lease the trucks, (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights to the trucks. The outstanding principal at June 30, 2022, was paid in full.

10. KBC, Series 2021D

On July 13, 2021, the Boyd County Fiscal Court entered into a general obligation lease agreement in the amount of \$13,095,000. The proceeds of this issue were to pay off the general obligation bonds, series 2010, which was for courthouse renovations, to purchase a building, various other capital projects, and upgrades to a county convention facility. The lease obligation has an interest rate of 2.78% with a retirement date of January 1, 2052. Monthly principal and interest payments are required.

The bonds are secured by a foreclosable mortgage lien on the project. In the event of default, the mortgage shall be enforced, which may include foreclosure of the liens created by the mortgage and sale of the project.

The outstanding principal at June 30, 2022 was \$13,055,000. Payments for the remaining years are as follows:

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

10. KBC, Series 2021D (Continued)

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 62,083	\$ 323,375
2024	77,500	321,978
2025	103,333	320,235
2026	110,833	317,910
2027	111,250	315,416
2028-2032	631,250	1,536,766
2033-2037	2,805,417	1,397,950
2038-2042	3,499,583	996,838
2043-2047	3,023,333	613,101
2048-2052	2,630,418	184,479
	<u>\$ 13,055,000</u>	<u>\$ 6,328,048</u>

B. Other Debt

1. General Obligation Refunding Bonds, Series 2010 – Detention Center Improvements

On September 1, 2010, the Boyd County Fiscal Court issued general obligation refunding bonds, series 2010 in the amount of \$2,050,000. The proceeds of this issue were used to pay off a detention center project financing obligation. The bonds were issued with an average interest rate of 3.6% with a retirement date of June 1, 2033. Annual principal payments are due on December 1st of each year and semi-annual interest payments are due on June 1st and December 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding bond principal at June 30, 2022, was paid in full by the 2021D KBC lease obligation.

2. General Obligation Refunding And Improvement Bonds, Series 2011 – Courthouse Renovation

On March 31, 2011, the Boyd County Fiscal Court issued general obligation public improvement bonds, series 2011, in the amount of \$2,700,000. The proceeds of this issue were used to pay a previous lease agreement in the amount of \$2,000,000 in full, with the remaining funds to be used to complete the repairs and renovation of the courthouse. The bonds were issued with an average interest rate of 2.7% with a retirement date of March 1, 2025. Annual principal payments are due on March 1st of each year and semi-annual interest payments are due on March 1st and September 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding bond principal at June 30, 2022 was \$170,000. Bond payments for the remaining years are as follows:

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

2. General Obligation Refunding And Improvement Bonds, Series 2011 – Courthouse Renovation (Continued)

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 55,000	\$ 6,525
2024	55,000	4,463
2025	60,000	2,250
	\$ 170,000	\$ 13,238

3. General Obligation Refunding And Improvement Bonds, Series 2011B – Paramount Arts Center

On November 1, 2011, the Boyd County Fiscal Court issued general obligation refunding and improvement bonds, series 2011B, in the amount of \$2,130,000 for the initial funding of the Paramount Arts Center. The agreement has a variable interest rate ranging from 1.00 to 4.25% and a maturity date of May 1, 2031. Annual principal payments are due on May 1st of each year and semi-annual interest payments are due on May 1st and November 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding principal as of June 30, 2022 was \$1,125,000. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 105,000	\$ 44,363
2024	110,000	40,950
2025	115,000	36,825
2026	120,000	32,513
2027	125,000	27,713
2028-2031	550,000	58,501
	\$ 1,125,000	\$ 240,865

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

4. General Obligation Refunding Bonds, Series 2012A – Sewer Line Extension

On October 20, 2012, the Boyd County Fiscal Court issued general obligation refunding bonds, series 2012A in the amount of \$7,910,000. The proceeds of this issue were used to pay off a sewer line extension project debt in the amount of \$7,555,000. The bonds were issued with a variable interest rate ranging from 4.00% to 5.7%. The agreement has a term of twenty-two years with a maturity date of April 20, 2033. Annual principal payments are due on April 20th of each year and semi-annual interest payments are due on October 20th and April 20th of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding principal at June 30, 2022 was paid in full by Sanitation District #4 and the related sewer lines were assumed by the district.

5. General Obligation Refunding Bonds, Series 2014 – Jail, Road, Building & Courthouse

On April 1, 2014, the Boyd County Fiscal Court issued general obligation refunding bonds, series 2014, in the amount of \$4,055,000 for the refunding of general obligation public project refunding and improvement bonds, series 2004 and 2005, which were used to make improvements to the detention center and the road maintenance garage and to purchase a building adjacent to the courthouse for additional office space. The agreement has a variable interest rate ranging from 2.00% to 4.00% and a maturity date of March 1, 2035. Annual principal payments are due on March 1st of each year and semi-annual interest payments are due on March 1st and September 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding principal as of June 30, 2022 was \$2,310,000. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 240,000	\$ 86,050
2024	255,000	78,850
2025	140,000	71,200
2026	140,000	66,300
2027	145,000	61,400
2028-2032	815,000	215,200
2033-2035	575,000	46,600
	<u>\$ 2,310,000</u>	<u>\$ 625,600</u>

6. General Obligation Refunding Bonds, Series 2015 – Jail Pedway

On March 11, 2015, the Boyd County Fiscal Court issued general obligation refunding bonds, series 2015, in the amount of \$1,890,000. The proceeds of this issue were used to pay off jail pedway debt in the amount of \$1,645,000. The bonds were issued with a variable interest rate ranging from 2.00% to 3.5%. The agreement has a term of 21 years with a maturity date of May 1, 2036. Annual principal payments are due on May 1st of each year and semi-annual interest payments are due on November 1st and May 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable).

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

6. General Obligation Refunding Bonds, Series 2015 – Jail Pedway (Continued)

The outstanding principal at June 30, 2022 was \$1,325,000. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 80,000	\$ 42,858
2024	80,000	40,458
2025	80,000	38,058
2026	85,000	35,658
2027	90,000	33,108
2028-2032	470,000	122,947
2033-2036	440,000	38,982
	<u>\$ 1,325,000</u>	<u>\$ 352,069</u>

7. General Obligation Bonds, Series 2020 - Improvements

On August 8, 2019, the Boyd County Fiscal Court issued general obligation bonds, series 2019 in the amount of \$2,100,000. The proceeds of this issue were used to finance the cost of acquiring, constructing, installing, and equipping: (a) improvements and energy improvements to the detention facility, (b) upgrades to the courthouse, and (c) upgrades to operational equipment. The bonds were issued with a variable interest rate ranging from 2.50% to 3.00% with a retirement date of December 1, 2044. Annual principal payments are due on December 1st of each year and semi-annual interest payments are due on June 1st and December 1st of each year. The bonds are secured by the fiscal court's taxing authority (the ability to levy an annual tax to pay the interest on and principal of the bonds when they become due and payable). The outstanding bond principal at June 30, 2022 was \$1,980,000. Bond payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 65,000	\$ 54,188
2024	65,000	52,563
2025	65,000	50,938
2026	70,000	49,250
2027	70,000	47,500
2028-2032	380,000	210,001
2033-2037	430,000	157,200
2038-2042	500,000	88,650
2043-2045	335,000	15,225
	<u>\$ 1,980,000</u>	<u>\$ 725,515</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

8. First Mortgage Refunding Revenue Bonds, Series 2016

On February 25, 2016, the Boyd County Capital Projects Corporation issued first mortgage refunding revenue bonds, series 2016, in the amount of \$11,040,000. The proceeds of this issue were to pay off the first mortgage revenue bonds, series 2007, which was for the construction of the judicial center. The bonds have an interest rate of 3 percent with a retirement date of August 1, 2027. They require interest payments to be made February and August each year beginning on August 1, 2016. Annual principal payments begin August 1, 2020. The bonds are secured by a foreclosable mortgage lien on the project. In the event of default, the mortgage shall be enforced, which may include foreclosure of the liens created by the mortgage and sale of the project. The outstanding principal at June 30, 2022 was \$7,675,000. Payments for the remaining years are as follows:

Fiscal Year Ended June 30	Scheduled Principal	Scheduled Interest
2023	\$ 1,190,000	\$ 212,400
2024	1,220,000	178,750
2025	1,260,000	141,550
2026	1,295,000	103,225
2027	1,335,000	63,775
2028	1,375,000	23,125
	<u>\$ 7,675,000</u>	<u>\$ 722,825</u>

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and					
Direct Placements	\$ 2,306,855	\$19,709,319	\$ 7,068,313	\$14,947,861	\$ 589,635
Other Debt	22,795,000		8,210,000	14,585,000	1,735,000
Total Long-term Debt	<u>\$ 25,101,855</u>	<u>\$19,709,319</u>	<u>\$15,278,313</u>	<u>\$29,532,861</u>	<u>\$ 2,324,635</u>

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

D. Aggregate Debt Schedule

The amounts of required principal and interest payments on long-term obligations at June 30, 2022, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ 1,735,000	\$ 446,384	\$ 589,635	\$ 391,210
2024	1,785,000	396,034	166,920	372,969
2025	1,720,000	340,821	1,331,176	338,428
2026	1,710,000	286,946	158,879	320,627
2027	1,765,000	233,496	111,250	315,416
2028-2032	3,590,000	606,649	631,250	1,536,766
2033-2037	1,445,000	265,907	2,805,417	1,397,950
2038-2042	500,000	329,515	3,499,583	996,838
2043-2047	335,000	15,225	3,023,333	613,101
2048-2052			2,630,418	184,479
Totals	<u>\$ 14,585,000</u>	<u>\$ 2,920,977</u>	<u>\$14,947,861</u>	<u>\$ 6,467,784</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 (KRS). 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 System. 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 2020 was \$1,751,822, FY 2021 was \$1,879,979, and FY 2022 was \$2,756,613.

Nonhazardous

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

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(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 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

The county's contribution rate for nonhazardous employees was 26.95 percent for the year.

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.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(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 Kentucky Retirement System 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, Kentucky Retirement System 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.

Kentucky Retirement System Annual Financial Report and Proportionate Share Audit Report

Kentucky Retirement System 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 Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Kentucky Retirement System 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.

BOYD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 8. Deferred Compensation

The Boyd 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

The fiscal court has set up a health reimbursement account (HRA) account for employees to participate in for their health care needs, such as paying for doctor visits and prescriptions up to their insurance deductible amount. It is handled by a third party administrator. The fiscal court contributes \$500 for each employee to offset their medical expenses.

Note 10. Insurance

For the fiscal year ended June 30, 2022, the Boyd 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. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Boyd County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2022, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 12. Prior Period Adjustment

The beginning balance for the general fund was restated to remove the payroll imprest account balance of \$6,154 and to add the 2019 bond fund balance of \$4. The beginning balance was restated and increased due to prior year voided checks for the jail fund for \$1,431. The beginning balance for the FEMA fund was restated to include the line of credit (LOC) account for \$98.

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

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BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 10,339,400	\$ 10,670,200	\$ 12,390,789	\$ 1,720,589
Excess Fees	3,442,636	3,442,636	3,741,922	299,286
Licenses and Permits	75,000	82,100	108,053	25,953
Intergovernmental	5,103,326	5,193,118	6,204,990	1,011,872
Charges for Services	20,000	57,797	61,216	3,419
Miscellaneous	492,280	1,191,561	1,385,282	193,721
Interest	1,500	1,500	2,270	770
Total Receipts	<u>19,474,142</u>	<u>20,638,912</u>	<u>23,894,522</u>	<u>3,255,610</u>
DISBURSEMENTS				
General Government	7,136,922	8,053,188	7,783,569	269,619
Protection to Persons and Property	658,473	723,087	474,875	248,212
General Health and Sanitation	247,891	295,552	293,766	1,786
Recreation and Culture	1,050,729	1,385,035	1,081,343	303,692
Debt Service	1,602,664	2,632,309	1,881,588	750,721
Administration	10,611,025	10,992,705	4,619,938	6,372,767
Total Disbursements	<u>21,307,704</u>	<u>24,081,876</u>	<u>16,135,079</u>	<u>7,946,797</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,833,562)</u>	<u>(3,442,964)</u>	<u>7,759,443</u>	<u>11,202,407</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	11,000,000	11,000,000	13,930,292	2,930,292
Payment to Capitalized Interest Fund			(261,900)	(261,900)
Transfers From Other Funds			1,696,925	1,696,925
Transfers To Other Funds	(9,416,438)	(9,416,438)	(16,400,551)	(6,984,113)
Total Other Adjustments to Cash (Uses)	<u>1,583,562</u>	<u>1,583,562</u>	<u>(1,035,234)</u>	<u>(2,618,796)</u>
Net Change in Fund Balance	(250,000)	(1,859,402)	6,724,209	8,583,611
Fund Balance - Beginning (Restated)	<u>250,000</u>	<u>4,586,714</u>	<u>4,587,192</u>	<u>478</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 2,727,312</u>	<u>\$ 11,311,401</u>	<u>\$ 8,584,089</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,092,797	\$ 1,123,082	\$ 1,231,441	\$ 108,359
Charges for Services	70,000	70,000	199,258	129,258
Miscellaneous	9,000	22,522	32,916	10,394
Interest	300	300	278	(22)
Total Receipts	<u>1,172,097</u>	<u>1,215,904</u>	<u>1,463,893</u>	<u>247,989</u>
DISBURSEMENTS				
General Government	1,800	1,800	1,599	201
Roads	2,141,757	3,045,923	3,042,493	3,430
Administration	508,483	510,666	502,804	7,862
Total Disbursements	<u>2,652,040</u>	<u>3,558,389</u>	<u>3,546,896</u>	<u>11,493</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,479,943)</u>	<u>(2,342,485)</u>	<u>(2,083,003)</u>	<u>259,482</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,479,943	1,479,943	2,145,000	665,057
Total Other Adjustments to Cash (Uses)	<u>1,479,943</u>	<u>1,479,943</u>	<u>2,145,000</u>	<u>665,057</u>
Net Change in Fund Balance		(862,542)	61,997	924,539
Fund Balance - Beginning		<u>34,304</u>	<u>34,304</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (828,238)</u>	<u>\$ 96,301</u>	<u>\$ 924,539</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 964,727	\$ 964,727	\$ 1,144,624	\$ 179,897
Charges for Services	548,000	548,000	22,774	(525,226)
Miscellaneous	21,000	21,000	107,898	86,898
Interest	125	125	135	10
Total Receipts	<u>1,533,852</u>	<u>1,533,852</u>	<u>1,275,431</u>	<u>(258,421)</u>
DISBURSEMENTS				
Protection to Persons and Property	3,513,902	3,809,310	3,910,964	(101,654)
Administration	1,065,548	1,125,912	1,124,953	959
Total Disbursements	<u>4,579,450</u>	<u>4,935,222</u>	<u>5,035,917</u>	<u>(100,695)</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,045,598)</u>	<u>(3,401,370)</u>	<u>(3,760,486)</u>	<u>(359,116)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,045,598	3,045,598	3,996,000	950,402
Total Other Adjustments to Cash (Uses)	<u>3,045,598</u>	<u>3,045,598</u>	<u>3,996,000</u>	<u>950,402</u>
Net Change in Fund Balance		(355,772)	235,514	591,286
Fund Balance - Beginning (Restated)		<u>14,417</u>	<u>51,095</u>	<u>36,678</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (341,355)</u>	<u>\$ 286,609</u>	<u>\$ 627,964</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 8,869	\$ 8,869	\$ 6,670	\$ (2,199)
Miscellaneous			866	866
Interest	50	50	17	(33)
Total Receipts	<u>8,919</u>	<u>8,919</u>	<u>7,553</u>	<u>(1,366)</u>
DISBURSEMENTS				
General Government	1,900	1,900	100	1,800
Roads		153	153	
Administration	7,019	12,695		12,695
Total Disbursements	<u>8,919</u>	<u>14,748</u>	<u>253</u>	<u>14,495</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)		<u>(5,829)</u>	<u>7,300</u>	<u>13,129</u>
Net Change in Fund Balance		(5,829)	7,300	13,129
Fund Balance - Beginning		<u>5,829</u>	<u>5,829</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,129</u>	<u>\$ 13,129</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

ECONOMIC DEVELOPMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 86,000	\$ 86,000	\$ 106,525	\$ 20,525
Interest	15	15	29	14
Total Receipts	<u>86,015</u>	<u>86,015</u>	<u>106,554</u>	<u>20,539</u>
DISBURSEMENTS				
General Government	39,000	112,219	112,217	2
Administration	250,000	198,056		198,056
Total Disbursements	<u>289,000</u>	<u>310,275</u>	<u>112,217</u>	<u>198,058</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	<u>(202,985)</u>	<u>(224,260)</u>	<u>(5,663)</u>	<u>218,597</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	202,985	202,985	200	(202,785)
Transfers To Other Funds			(130)	(130)
Total Other Adjustments to Cash (Uses)	<u>202,985</u>	<u>202,985</u>	<u>70</u>	<u>(202,915)</u>
Net Change in Fund Balance		(21,275)	(5,593)	15,682
Fund Balance - Beginning		<u>21,275</u>	<u>21,276</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,683</u>	<u>\$ 15,683</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	SPECIAL PROJECTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 150,000	\$	\$ (150,000)
Interest		146	372	226
Total Receipts		150,146	372	(149,774)
DISBURSEMENTS				
General Government	71,000	891,352	884,292	7,060
Roads		24,980	23,267	1,713
Administration	83,000			
Total Disbursements	154,000	916,332	907,559	8,773
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	(154,000)	(766,186)	(907,187)	(141,001)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	150,000	150,000	1,000,000	850,000
Transfers To Other Funds			(5,430)	(5,430)
Total Other Adjustments to Cash (Uses)	150,000	150,000	994,570	844,570
Net Change in Fund Balance	(4,000)	(616,186)	87,383	703,569
Fund Balance - Beginning	4,000	4,418	4,419	1
Fund Balance - Ending	\$ 0	\$ (611,768)	\$ 91,802	\$ 703,570

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	ESCROW FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 100,000	\$ 126,445	\$ 380,552	\$ 254,107
Interest	200	200	140	(60)
Total Receipts	<u>100,200</u>	<u>126,645</u>	<u>380,692</u>	<u>254,047</u>
DISBURSEMENTS				
General Government		77,042	77,042	
Administration	350,200	505,036	115,000	390,036
Total Disbursements	<u>350,200</u>	<u>582,078</u>	<u>192,042</u>	<u>390,036</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	<u>(250,000)</u>	<u>(455,433)</u>	<u>188,650</u>	<u>644,083</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			202,900	202,900
Transfers To Other Funds			(510,000)	(510,000)
Total Other Adjustments to Cash (Uses)			<u>(307,100)</u>	<u>(307,100)</u>
Net Change in Fund Balance	(250,000)	(455,433)	(118,450)	336,983
Fund Balance - Beginning	<u>250,000</u>	<u>455,433</u>	<u>455,433</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,983</u>	<u>\$ 336,983</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	EMERGENCY FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$		\$ 186,487	\$ 186,487
Interest		1,200	874	(326)
Total Receipts		<u>1,200</u>	<u>187,361</u>	<u>186,161</u>
DISBURSEMENTS				
Protection to Persons and Property		500,000	251,200	251,200
Administration		501,200	750,000	750,000
Total Disbursements		<u>1,001,200</u>	<u>1,001,200</u>	<u>1,001,200</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)		<u>(1,000,000)</u>	<u>187,361</u>	<u>1,187,361</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			105,000	105,000
Transfers To Other Funds			(1,205,000)	(1,205,000)
Total Other Adjustments to Cash (Uses)			<u>(1,100,000)</u>	<u>(1,100,000)</u>
Net Change in Fund Balance		(1,000,000)	(912,639)	87,361
Fund Balance - Beginning		<u>1,000,000</u>	<u>1,216,693</u>	<u>216,693</u>
Fund Balance - Ending	\$	<u>0</u>	\$ <u>304,054</u>	\$ <u>304,054</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

SENIOR CENTER FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 2,150	\$ 1,150
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>2,150</u>	<u>1,150</u>
DISBURSEMENTS				
Social Services	1,700	11,834	11,758	76
Total Disbursements	<u>1,700</u>	<u>11,834</u>	<u>11,758</u>	<u>76</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	<u>(700)</u>	<u>(10,834)</u>	<u>(9,608)</u>	<u>1,226</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	700	700	10,480	9,780
Total Other Adjustments to Cash (Uses)	<u>700</u>	<u>700</u>	<u>10,480</u>	<u>9,780</u>
Net Change in Fund Balance		(10,134)	872	11,006
Fund Balance - Beginning		<u>151</u>	<u>152</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (9,983)</u>	<u>\$ 1,024</u>	<u>\$ 11,007</u>

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 6,560	\$ 6,560
Total Receipts			6,560	6,560
DISBURSEMENTS				
Capital Projects		516,281	516,281	
Administration	4,537,212	4,020,931	2,505,430	1,515,501
Total Disbursements	4,537,212	4,537,212	3,021,711	1,515,501
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)	(4,537,212)	(4,537,212)	(3,015,151)	1,522,061
Other Adjustments to Cash (Uses)				
Transfer From Other Funds	4,537,212	4,537,212	7,042,642	2,505,430
Total Other Adjustments to Cash (Uses)	4,537,212	4,537,212	7,042,642	2,505,430
Net Change in Fund Balance			4,027,491	4,027,491
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,027,491	\$ 4,027,491

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	FEMA FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 500,000	\$ 4,441,760	\$ 4,899,615	\$ 457,855
Total Receipts	500,000	4,441,760	4,899,615	457,855
DISBURSEMENTS				
General Government	300,000	5,303,680	4,766,300	537,380
Protection to Persons and Property	200,000	91,754	91,754	
Debt Service			5,580,131	(5,580,131)
Total Disbursements	500,000	5,395,434	10,438,185	(5,042,751)
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)		(953,674)	(5,538,570)	(4,584,896)
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			5,779,027	5,779,027
Transfers From Other Funds			80,774	80,774
Transfers To Other Funds			(330,000)	(330,000)
Total Other Adjustments to Cash (Uses)			5,529,801	5,529,801
Net Change in Fund Balance		(953,674)	(8,769)	944,905
Fund Balance - Beginning (Restated)		17,857	17,955	98
Fund Balance - Ending	\$ 0	\$ (935,817)	\$ 9,186	\$ 945,003

BOYD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	ABC FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$		\$ 86,013	\$ 76,698
Interest		\$ 9,315	36	36
Total Receipts		9,315	86,049	76,734
DISBURSEMENTS				
General Government		9,466	3,726	5,740
Total Disbursements		9,466	3,726	5,740
Excess (Deficiency) of Receipts Over (Under) Disbursements Before Other Adjustments to Cash (Uses)		(151)	82,323	82,474
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(6,925)	(6,925)
Total Other Adjustments to Cash (Uses)			(6,925)	(6,925)
Net Change in Fund Balance		(151)	75,398	75,549
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 75,398	\$ 75,549

BOYD COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2022

Note 1. Budgetary Information

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

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 jail fund, protection to persons and property line-item, exceeded budgeted appropriations by \$101,654. The FEMA fund, debt service line-item, exceeded budgeted appropriations by \$5,580,131.

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BOYD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2022

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 Homeland Security</u>				
<i>Passed-Through Kentucky Emergency Management:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR 4428	\$	\$ 4,800
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR 4540		1,711,845
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR 4592		2,151,145
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR 4595		573,671
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR 4643		2,744
Total U.S. Department of Homeland Security				4,444,205
<u>U. S. Department of Treasury</u>				
<i>Direct Program:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027			3,021,711
Total U.S. Department of Treasury				3,021,711
Total Expenditures of Federal Awards			\$ 0	\$ 7,465,916

The accompanying notes are an integral part of this schedule.

BOYD COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Boyd County, Kentucky under programs of the federal government for the year ended June 30, 2022. 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 Boyd County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Boyd 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

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

BOYD COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

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BOYD COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 6,892,998	\$	\$	\$ 6,892,998
Buildings and Improvements	29,663,467	2,500,000		32,163,467
Vehicles and Equipment	7,122,097	835,292	593,666	7,363,723
Transmission Lines and Equipment Infrastructure	8,275,101 15,101,115		8,275,101	 15,101,115
Total Capital Assets	<u>\$ 67,054,778</u>	<u>\$ 3,335,292</u>	<u>\$ 8,868,767</u>	<u>\$ 61,521,303</u>

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

June 30, 2022

Note 1. Capital Assets

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land	\$ 125,000	10-60
Buildings and Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 5,000	3-25
Transmission Lines and Equipment	\$ 5,000	3-25
Infrastructure	\$ 10,000	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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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 Eric Chaney, Boyd County Judge/Executive
Members of the Boyd 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 Boyd County Fiscal Court for the fiscal year ended June 30, 2022, and the related notes to the financial statement which collectively comprise the Boyd County Fiscal Court's financial statement and have issued our report thereon dated June 8, 2023.

Report on Internal Control Over Financial Reporting

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

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. 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-002, and 2022-003 to be material weaknesses.

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

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Boyd 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 2022-001, 2022-002, and 2022-003.

Views of Responsible Officials and Planned Corrective Action

Boyd County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

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,

Kelley Dalloway Smith, PSC

Ashland, Kentucky

June 8, 2023

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

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

Independent Auditor's Report

The Honorable Eric Chaney, Boyd County Judge/Executive
Members of the Boyd County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Boyd County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Boyd County Fiscal Court's major federal programs for the year ended June 30, 2022. The Boyd County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Boyd County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Boyd 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 Boyd 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 Boyd 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 Boyd County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Boyd 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 Boyd 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

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.

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

Report on Internal Control over Compliance (Continued)

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Kelley Dalloway Smith Dalloway, PSC

Ashland, Kentucky

June 8, 2023

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BOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2022

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

For The Year Ended June 30, 2022

Section I: Summary of Auditor’s Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Identification of major programs:

<u>Assistance Living Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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

BOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section II: Financial Statement Findings

2022-001 The Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated

This is a repeat finding and was included in the prior year audit report as finding 2021-001. The fiscal court's fourth quarter financial report, which serves as the county's year-end financial statement, was materially misstated. Adjustments and reclassifications were necessary to record and classify transactions properly. In order for the county's financial statement to accurately reflect receipts, adjustments and reclassifications net totaling \$19,254,041 were necessary. Likewise, adjustments and reclassifications net totaling \$11,364,400 were necessary for disbursements to be recorded and classified correctly on the financial statement.

According to the treasurer, she was not aware the way she recorded certain transactions was incorrect. The county did not have adequate internal control, oversight, and review procedures in place to ensure financial activity was accurately recorded and reported in accordance with the uniform system of accounts as required.

As a result, numerous errors and misstatements occurred and were undetected resulting in the financial statement being materially misstated. Inaccurate financial reporting is problematic because the commissioners and county judge/executive rely on financial data presented to them to be complete and accurate in order to make prudent financial decisions on behalf of the county and taxpayers. Furthermore, external organizations may use and rely on financial information reported by the county so accurate financial reporting should be a priority.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to submit quarterly reports to the Department for Local Government by the 20th day following the close of each quarter. The uniform system of accounts has specific requirements on how to record various types of transactions for different funds and fund types. The most basic requirement of the uniform system of accounts is that all transactions are recorded and classified correctly.

We recommend the county treasurer thoroughly examine each account line item on the quarterly report to ensure items were posted properly. Each adjustment made by auditors has been presented to and reviewed with the county treasurer. We recommend the county treasurer use these adjustments as guidance when preparing future financial statements. In addition, we recommend the fiscal court establish adequate internal controls, oversight, and review procedures to ensure that all financial data is completely and accurately recorded and reported.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: 4th quarter report has been reviewed and treasurer will review and correct report in future.

2022-002 The Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements

The Sanitation District #4 (SD4) paid \$5,298,555 for the principal and interest payment on debt in the name of the county. These transactions were not reflected in the fiscal court's bank activity, budget process, or fourth quarter financial report as these funds were paid directly to the vendor by the financing entity (SD4). However, all debt (including money borrowed on behalf of another entity) should be included on the quarterly financial reports. In addition, the county has a line of credit for FEMA expenditures that the draws and repayments of \$5,580,131 were not budgeted. The fiscal court did not have controls in place to ensure all debt was reflected on its financial information. As a result, the fiscal court failed to properly budget and record \$10,878,686 in debt related receipts and disbursements for the fiscal year.

BOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section II: Financial Statement Findings (Continued)

2022-002 The Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements
 (Continued)

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the *County Budget Preparation and State Local Finance Officer Policy Manual*, which requires all borrowed money that is not part of the original budget be amended into the budget and be properly reflected on the financial report. Further, 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.”

We recommend the fiscal court comply with regulatory reporting requirements by budgeting and recording all borrowed money, including those transactions handled by a third-party lender.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: We have now corrected this finding for current and future.

2022-003 Budget Amounts Were Misstated on Quarterly Report

The treasurer input budget amounts incorrectly. Due to not having adequate control procedures in place, such as a lack of an independent review or monitoring, the county treasurer made a mistake that went undetected. As a result, the total budgeted receipts on the quarterly report were understated by \$4,200,000 and the disbursements were overstated by \$1,383,441. Adjustments were required by auditor to post the approved budget amounts to the funds. The Department for Local Government (DLG), under the authority of KRS 68.210, gives the state local finance officer the authority to prescribe minimum requirements for handling public funds. According to the *County Budget Preparation and State Local Finance Officer Policy Manual*, the uniform system of accounts requires the original budget and amendments to agree to the quarterly reports.

We recommend the approved budget amounts and amendments be accurately included on the quarterly reports so that the fiscal court and regulatory agencies such as DLG can accurately monitor the county’s budget.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The budget amounts were off due to treasurer adding in the clerk’s storage account and the senior center fund. The amounts were also off due to the computer not picking up a budgeted amount. The treasurer will make sure all accounts and funds are recorded and reports are accurate.

Section III: Federal Award Findings And Questioned Costs

None.

BOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022
(Continued)

Section IV: Summary Schedule of Prior Audit Findings

<u>Findings</u>	<u>Findings/Noncompliance</u>
2021-001	The Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated. Status: This was repeated as 2022-001 in the current year.
2021-002	The Fourth Quarter Report Liabilities Journal Was Materially Misstated. Status: This was corrected in the current year.
2021-003	The Schedule of Expenditures of Federal Awards (SEFA) was Materially Misstated. Status: This was corrected in the current year.
2021-004	The Fiscal Court Lacks Adequate Internal Controls Over Federal Programs. Status: This was corrected in the current year.

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

BOYD COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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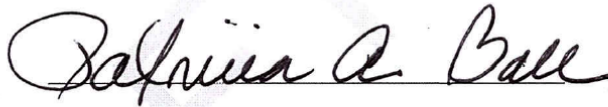
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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



County Judge/Executive



County Treasurer