

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

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

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

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Daviess County Fiscal Court, for the year ended June 30, 2023 and the related notes to the financial statement which collectively comprise the Daviess County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Daviess County Fiscal Court as of June 30, 2023, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government 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 paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Daviess County Fiscal Court as of June 30, 2023, or changes in financial position or cash flows thereof for the year then ended.

Basis for Opinion

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 Statements section of our report. We are required to be independent of the Daviess 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 opinion.

To the People of Kentucky
The Honorable Andy Beshear, Governor
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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 Daviess 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

Daviess 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. 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 Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole 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 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 statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 Daviess County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Daviess County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

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

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

The accompanying Budgetary Comparison Schedules 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 the annual report. The other information is comprised of the schedule of capital assets but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of the Daviess 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 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 Daviess County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,



Lexington, Kentucky
October 19, 2023

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

Charlie Castlen	County Judge/Executive
Janie Marksberry	Commissioner
Larry Conder	Commissioner
Chris Castlen	Commissioner

Other Elected Officials:

John Burlew	County Attorney
Arthur Maglinger	Jailer
Leslie McCarty	County Clerk
Jennifer Besecker	Circuit Court Clerk
Brad Youngman	Sheriff
Rachel Foster	Property Valuation Administrator
Jeff Jones	Coroner

Appointed Personnel:

Jordan Johnson	County Treasurer
Brooke Hagan	Fiscal Court Clerk

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 29,199,343	\$ -	\$ -	\$ -
Excess Fees	3,671,609	-	-	-
Licenses and Permits	197,956	-	-	-
Intergovernmental	3,954,669	2,411,349	6,025,331	226,221
Charges for Services	277,262	-	424,419	-
Miscellaneous	1,260,019	7,431	594,918	-
Interest	371,885	37,154	40,046	4,099
Total Receipts	<u>38,932,743</u>	<u>2,455,934</u>	<u>7,084,714</u>	<u>230,320</u>
DISBURSEMENTS				
General Government	9,487,409	-	-	-
Protection to Persons and Property	6,461,217	-	9,078,334	-
General Health and Sanitation	1,026,883	-	-	-
Social Services	357,428	-	-	-
Recreation and Culture	3,302,238	-	-	-
Roads	-	5,485,093	-	475,840
Airports	100,000	-	-	-
Bus Services	213,478	-	-	-
Debt Service	22,712	-	-	-
Capital Projects	7,315,272	-	-	-
Administration	1,184,426	(5,452)	(18,412)	-
Total Disbursements	<u>29,471,063</u>	<u>5,479,641</u>	<u>9,059,922</u>	<u>475,840</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>9,461,680</u>	<u>(3,023,707)</u>	<u>(1,975,208)</u>	<u>(245,520)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	5,662,144	3,478,425	3,781,997	-
Transfers To Other Funds	(8,953,580)	-	(369,845)	-
Total Other Adjustments to Cash (Uses)	<u>(3,291,436)</u>	<u>3,478,425</u>	<u>3,412,152</u>	<u>-</u>
Net Change in Fund Balance	6,170,244	454,718	1,436,944	(245,520)
Fund Balance - Beginning	28,940,725	1,975,400	1,744,680	383,960
Fund Balance - Ending	<u>\$ 35,110,969</u>	<u>\$ 2,430,118</u>	<u>\$ 3,181,624</u>	<u>\$ 138,440</u>
Composition of Fund Balance				
Bank Balance	\$ 35,173,354	\$ 2,432,886	\$ 3,286,132	\$ 138,440
Plus: Deposits In Transit	385	-	-	-
Less: Outstanding Checks	(62,770)	(2,768)	(104,508)	-
Fund Balance - Ending	<u>\$ 35,110,969</u>	<u>\$ 2,430,118</u>	<u>\$ 3,181,624</u>	<u>\$ 138,440</u>

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

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

Budgeted Funds							
Solid Waste Construction Fund	Solid Waste Operating Fund	Bond Fund	Economic Development Fund	Solid Waste Debt Service Fund	Solid Waste Closure Fund	Solid Waste Post Closure Fund	American Recovery Plan Act Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	474,815	-	-	-	-	-	-
-	10,412,330	-	-	-	-	-	-
-	126,277	4,122	-	-	-	-	-
2,942	84,237	41,450	19,819	13	58,913	40,539	138,222
<u>2,942</u>	<u>11,097,659</u>	<u>45,572</u>	<u>19,819</u>	<u>13</u>	<u>58,913</u>	<u>40,539</u>	<u>138,222</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,595,093	12,018,900	-	-	-	15,703	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,549,486	-	40	-	-	-
-	-	-	-	-	-	-	1,000,000
-	(11,289)	-	-	-	-	-	-
<u>1,595,093</u>	<u>12,007,611</u>	<u>3,549,486</u>	<u>-</u>	<u>40</u>	<u>15,703</u>	<u>-</u>	<u>1,000,000</u>
<u>(1,592,151)</u>	<u>(909,952)</u>	<u>(3,503,914)</u>	<u>19,819</u>	<u>(27)</u>	<u>43,210</u>	<u>40,539</u>	<u>(861,778)</u>
800,000	-	2,063,003	-	-	218,984	38,853	-
-	(1,057,837)	-	-	-	-	-	(5,662,144)
<u>800,000</u>	<u>(1,057,837)</u>	<u>2,063,003</u>	<u>-</u>	<u>-</u>	<u>218,984</u>	<u>38,853</u>	<u>(5,662,144)</u>
(792,151)	(1,967,789)	(1,440,911)	19,819	(27)	262,194	79,392	(6,523,922)
810,350	8,555,359	3,831,037	1,669,307	1,029	4,668,800	3,250,272	15,718,647
<u>\$ 18,199</u>	<u>\$ 6,587,570</u>	<u>\$ 2,390,126</u>	<u>\$ 1,689,126</u>	<u>\$ 1,002</u>	<u>\$ 4,930,994</u>	<u>\$ 3,329,664</u>	<u>\$ 9,194,725</u>
\$ 18,199	\$ 6,637,570	\$ 2,390,126	\$ 1,689,126	\$ 1,002	\$ 4,930,994	\$ 3,329,664	\$ 9,194,725
-	2,500	-	-	-	-	-	-
-	(52,500)	-	-	-	-	-	-
<u>\$ 18,199</u>	<u>\$ 6,587,570</u>	<u>\$ 2,390,126</u>	<u>\$ 1,689,126</u>	<u>\$ 1,002</u>	<u>\$ 4,930,994</u>	<u>\$ 3,329,664</u>	<u>\$ 9,194,725</u>

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

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

	<u>Budgeted Funds</u>	<u>Unbudgeted Funds</u>	
	County Clerk Permanent Storage Fees Fund	Jail Commissary Fund	Total Funds
RECEIPTS			
Taxes	\$ -	\$ -	\$ 29,199,343
Excess Fees	-	-	3,671,609
Licenses and Permits	-	-	197,956
Intergovernmental	-	-	13,092,385
Charges for Services	-	-	11,114,011
Miscellaneous	136,990	699,192	2,828,949
Interest	1,067	733	841,119
Total Receipts	<u>138,057</u>	<u>699,925</u>	<u>60,945,372</u>
DISBURSEMENTS			
General Government	-	-	9,487,409
Protection to Persons and Property	-	903,983	16,443,534
General Health and Sanitation	-	-	14,656,579
Social Services	-	-	357,428
Recreation and Culture	-	-	3,302,238
Roads	-	-	5,960,933
Airports	-	-	100,000
Bus Services	-	-	213,478
Debt Service	-	-	3,572,238
Capital Projects	-	-	8,315,272
Administration	-	-	1,149,273
Total Disbursements	<u>-</u>	<u>903,983</u>	<u>63,558,382</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>138,057</u>	<u>(204,058)</u>	<u>(2,613,010)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	-	-	16,043,406
Transfers To Other Funds	-	-	(16,043,406)
Total Other Adjustments to Cash (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	138,057	(204,058)	(2,613,010)
Fund Balance - Beginning	<u>341,887</u>	<u>341,887</u>	<u>71,891,453</u>
Fund Balance - Ending	<u>\$ 138,057</u>	<u>\$ 137,829</u>	<u>\$ 69,278,443</u>
Composition of Fund Balance			
Bank Balance	\$ 138,057	\$ 138,552	\$ 69,498,827
Deposits In Transit	-	-	2,885
Less Outstanding Checks	<u>-</u>	<u>(723)</u>	<u>(223,269)</u>
Ending Fund Balance	<u>\$ 138,057</u>	<u>\$ 137,829</u>	<u>\$ 69,278,443</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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DAVIESS COUNTY
NOTES TO THE FINANCIAL STATEMENT

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Solid Waste Construction Fund - The primary purpose of this fund is to account for the construction activities of the landfill. The primary source of revenue are interest income and transfers from solid waste operating fund.

Solid Waste Operating Fund - The primary purpose of this fund is to account for activities of the landfill. The primary sources of revenue for this fund are from charges to customers for tipping fees.

Bond Fund - The primary purpose of this fund is to account for the activities of the county's long-term debt. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Economic Development Fund - The primary purpose of this fund is to account for the activities of the county's effort for economic development. The primary sources of revenue for this fund are from transfers from the general fund.

Solid Waste Debt Service Fund - The primary purpose of this fund is to account for the debt activity related to the landfill. The primary sources of revenues are interest income and transfers from solid waste operating fund.

Solid Waste Closure Fund - The primary purpose of this fund is to account for the expenditures related to closure of the landfill. The primary sources of revenue are interest income and transfers from solid waste operating fund.

Solid Waste Post Closure Fund - The primary purpose of this fund is to account for the expenditures related to post closure of the landfill. The primary sources of revenue are interest income and transfers from solid waste operating fund.

American Recovery Plan Act Fund - This fund was created in fiscal year 2021 to account for expenditures related to funding received from the American Recovery Plan Act (ARPA). The primary funding sources are grant income received from the federal government provided under ARPA and interest income.

County Clerk Permanent Storage Fees Fund - This fund was created in fiscal year 2023. Senate Bill 135 became effective July 1, 2022, and allows county clerks to receive a \$10 reimbursement for permanent storage of records. The fiscal court is required to maintain these fees in a separate bank account and account for them as a storage fund. The monies accumulated from this fee shall be held in perpetuity by the fiscal court for the county clerk's exclusive use for items needed to maintain permanent storage or records.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

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.

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

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

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

E. Daviess County Elected Officials

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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. Related Organizations, Joint Ventures, and Jointly Governed Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of the Daviess County Fiscal Court:

Owensboro-Daviess County Board of Health
 Regional Water Resource Agency (RWRA)
 Daviess County Water District
 Ohio County Water District
 Daviess County Search and Rescue Team

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 these criteria, the following are considered joint ventures of the Daviess County Fiscal Court:

Owensboro-Daviess County Regional Airport
 Paradise Industrial Park
 Green River Regional Industrial Development Authority (GRRIDA)
 Greater Owensboro Economic Development Corporation (GO-EDC)

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

Owensboro Geographic Information Systems
 Greater Owensboro Convention and Business Bureau
 Owensboro Metropolitan Planning Commission (OMPC)

DAVISS COUNTY
NOTES TO THE FINANCIAL STATEMENT
June 30, 2023
(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. These requirements were met.

Custodial Credit Risk - Deposits

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

Note 3. Transfers

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

	General Fund	Jail Fund	Solid Waste Operating Fund	American Recover Plan Act Fund	Total Transfers In
General Fund	\$ -	\$ -	\$ -	\$ 5,662,144	\$ 5,662,144
Road Fund	3,478,425	-	-	-	3,478,425
Jail Fund	3,781,997	-	-	-	3,781,997
Solid Waste Construction	-	-	800,000	-	800,000
Bond Fund	1,693,158	369,845	-	-	2,063,003
ARPA Fund	-	-	-	-	-
Solid Waste Closure Fund	-	-	218,984	-	218,984
Solid Waste Post Closure Fund	-	-	38,853	-	38,853
Total Transfers Out	<u>\$ 8,953,580</u>	<u>\$ 369,845</u>	<u>\$ 1,057,837</u>	<u>\$ 5,662,144</u>	<u>\$ 16,043,406</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.

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

Note 4. Custodial Funds

- A. 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, 2023, was \$109,507.

Road Escrow Fund - This fund accounts for funds received from road bonds and held until the bonds are released. The balance in the road escrow fund as of June 30, 2023, was \$190,276.

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

The fiscal court has the following private purpose trust funds:

Carl Henry Animal Shelter Trust - The originally established trust agreement has expired; however, the fiscal court has continued to maintain the account and deposits donations and bequests into the account and follow basically the same restrictions of the original trust, using the funds for the benefit of the animals. The balance of the Carl Henry Animal Shelter Trust as of June 30, 2023, was \$65,981, these funds are maintained in the General Fund.

Theodore Levy Trust - In prior years, the Daviess County Fiscal court maintained an account titled the Theodore Levy Trust. The purpose of which was the betterment of children in need. This account did not derive from a legally enforceable trust agreement. The Daviess County Fiscal Court evaluated the account known as the Theodore Levy Trust Account and determined that the balance in the account should be returned to the General Fund. The Daviess County Fiscal Court intends to continue funding youth services in an amount of not less than \$40,000 annually to honor Theodore J. Levy.

Note 5. Receivables

Green River Area Development District

Daviess County entered into a lease agreement with Old National Bank on June 18, 2015, to refinance Green River Area Development District's Mortgage Revenue Bonds, Series 2012. The county and the Green River Area Development District (GRADD) have entered into a sub-lease, dated June 18, 2015, whereby the GRADD makes semi-annual payments directly to the Old National Bank to fully fund the debt service for the lease agreement. Interest is calculated at 2.80% per annum. The receivable reflects the principal amount due from GRADD of \$435,492 outstanding as of June 30, 2023. The amount of the receivable corresponds to the GRADD liability outstanding as of the end of the fiscal year. (See Note 6.A.1 for disclosures related to the GRADD liability.)

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

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Green River Area Development District

Daviess County entered into a lease agreement with Old National Bank on June 18, 2015, to refinance Green River Area Development District's Mortgage Revenue Bonds, Series 2012. The county and the Green River Area Development District (GRADD) have entered into a sub-lease, dated June 18, 2015, whereby the GRADD makes semi-annual payments directly to the Old National Bank to fully fund the debt service for the lease agreement. Interest is calculated at 2.80% per annum. The lease is secured by the GRADD building (the project).

Upon the occurrence of an event of default, and as long as the event of default is continuing, lessor may, at its option, exercise any one or more of the following remedies as to the project, to whichever the event of default pertains:

- (a) Declare an amount equal to all amounts then due under this lease and all remaining lease payments due during the current lease term to be immediately due and payable, but solely from the sources provided under the sublease;
- (b) Take immediate possession of the project;
- (c) Sell or lease the project or sublease it for the account of lessee and sublessee; and
- (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 principal balance outstanding for the lease as of June 30, 2023, was \$435,492. Future debt service requirements are:

June 30	Principal	Interest
2024	\$ 52,954	\$ 11,826
2025	54,447	10,333
2026	55,982	8,797
2027	57,561	7,219
2028	59,184	5,596
2029-2031	155,364	6,585
	<u>\$ 435,492</u>	<u>\$ 50,356</u>

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Kentucky Infrastructure Authority Loan

Daviess County entered into an agreement with the Kentucky Infrastructure Authority (KIA) on July 1, 2018. The terms of this agreement authorized the Daviess County Fiscal Court to draw up to \$1,169,634 of KIA loan funds for the purpose of constructing a wastewater treatment project; one-half of the loan principal will be forgiven by KIA. The loan term is 20 years with a fixed interest rate of .25%. Full principal and interest payment commenced on December 1, 2020. Daviess County is required to fund a replacement reserve account in the amount of \$2,900 annually each December 1 until the balance reaches \$58,000; this account must be maintained for the life of the loan. As of June 30, 2023, the Daviess County Fiscal Court had drawn a total of \$856,687 in KIA loan funds of which \$428,343 will be repaid.

Whenever any event of default has occurred and is continuing, the authority may, without any further demand or notice, take one or any combination of the following remedial steps:

- (a) Declare all payment due hereunder, as set forth in the schedule of payments to be immediately due and payable.
- (b) Exercise all rights and remedies of the authority set forth in the act.
- (c) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this assistance agreement.
- (d) Submit a formal referral to the appropriate federal agency, as required by the federal agreement.

The principal balance outstanding for the lease as of June 30, 2023 was \$354,920. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 21,097	\$ 1,573
2025	21,149	1,478
2026	21,202	1,384
2027	21,255	1,287
2028	21,308	1,191
2029-2033	107,343	4,515
2034-2038	108,692	2,088
2039-2040	32,874	150
Totals	<u>\$ 354,920</u>	<u>\$ 13,666</u>

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

Note 6. Long-term Debt (Continued)

B. Other Debt

1. General Obligation Refunding Bonds, Series 2012A

The Daviess County Fiscal Court issued \$6,515,000 General Obligation Refunding Bonds, Series 2012, dated August 22, 2012, for the purpose of refunding and retiring a portion of the General Obligation Public Project Refunding and Improvement Bonds, Series 2003A. Principal payments are due each year on September 1, in amounts indicated below. The first principal payment was March 1, 2013. Interest rates ranging from 1.00% to 2.25% on the bonds is payable each March 1 and September 1, beginning March 1, 2013.

The bonds are general obligation of the county and the full faith, credit and taxing power of the county is irrevocably pledged to the payment of principal of and interest on the bonds when due. The basic security for the general obligation debt of the county, including the bonds, is the county's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable.

The principal balance outstanding for the bond issue as of June 30, 2023, was \$2,750,000. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 435,000	\$ 53,038
2025	445,000	44,238
2026	455,000	35,238
2027	460,000	26,088
2028	470,000	16,200
2029	485,000	5,456
	\$ 2,750,000	\$ 180,258

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

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

2. General Obligation Refunding Bonds, Series 2012B

The Daviess County Fiscal Court issued \$1,700,000 General Obligation Refunding Bonds, Series 2012, dated August 22, 2012, for the purpose of refunding and retiring a portion of the General Obligation Public Project Refunding and Improvement Bonds, Series 2003B. Principal payments are due each year on September 1, in amounts indicated below. The first principal payment started March 1, 2013. Interest rates ranging from 1.00% to 2.25% on the bonds is payable each March 1 and September 1, beginning March 1, 2013.

The bonds are general obligation of the county and the full faith, credit and taxing power of the county is irrevocably pledged to the payment of principal of and interest on the bonds when due. The basic security for the general obligation debt of the county, including the bonds, is the county's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable.

The principal balance outstanding for the bond issue as of June 30, 2023, was \$715,000. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 115,000	\$ 14,063
2025	115,000	11,762
2026	120,000	9,338
2027	120,000	6,788
2028	120,000	4,163
2029	125,000	1,406
	\$ 715,000	\$ 47,520

3. General Obligation Refunding Bonds, Series 2014

Daviess County entered into a bond issue, \$15,045,000 General Obligation Refunding Bonds, Series 2014, on December 23, 2014. The bonds are being issued for the purpose of: (i) refunding and retiring the county's taxable General Obligation Build America Bonds, Series 2010, parts A-1 and A-2, dated as of January 29, 2010. The bonds shall be dated their date of delivery and bear interest from their dated date at the rates set forth on the cover hereof, payable semi-annually on February 1 and August 1, commencing February 1, 2015, calculated on the basis of a 360-day year with 30 day months. The record dates for February 1 and August 1 interest payment dates shall be the preceding January 15 and July 15, respectively.

The bonds are general obligation of the county and the full faith, credit and taxing power of the county is irrevocably pledged to the payment of principal of and interest on the bonds when due. The basic security for the general obligation debt of the county, including the bonds, is the county's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable.

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

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

3. General Obligation Refunding Bonds, Series 2014 (Continued)

The principal balance outstanding for the bond issue as of June 30, 2023, was \$1,070,000. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 1,070,000	\$ 53,500
	<u>\$ 1,070,000</u>	<u>\$ 53,500</u>

4. General Obligation Bonds, Series 2020A

Daviess County entered into a bond issue, \$5,500,000 General Obligation Bonds, Series 2020A, on August 11, 2020. The bonds were issued for the purpose of: (i) paying the costs of the acquisition, installation and equipping of a public safety grade radio system, (ii) paying capitalized interest on the bonds, if any, (iii) paying costs of credit enhancement for the bonds, if any, and (iv) paying the costs of issuance of the bonds. The bonds mature on June 1, 2030 and require semi-annual principal payments each June 1st and December 1st, commencing December 1, 2020 at 1.4% per annum, calculated on the basis of a 360-day year with 30 day months. The bonds require annual principal payments on June 1st commencing June 1, 2021.

The bonds are general obligation of the county, and the full faith, credit and taxing power of the county is irrevocably pledged to the payment of principal of and interest on the bonds when due. The basic security for the general obligation debt of the county, including the bonds, is the county's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable.

The principal balance outstanding for the bond issue as of June 30, 2023, was \$3,920,000. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 535,000	\$ 54,880
2025	545,000	47,390
2026	550,000	39,760
2027	560,000	32,060
2028	570,000	24,220
2029-2030	<u>1,160,000</u>	<u>24,430</u>
	<u>\$ 3,920,000</u>	<u>\$ 222,740</u>

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

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

Aggregate Debt Schedules

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

Fiscal Year Ended June 30	General Obligation Bonds		Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 2,155,000	\$ 175,481	\$ 74,051	\$ 13,399
2025	1,105,000	103,390	75,596	11,811
2026	1,125,000	84,336	77,184	10,181
2027	1,140,000	64,936	78,816	8,506
2028	1,160,000	44,583	80,492	6,787
2029-2033	1,770,000	31,292	262,707	11,100
2034-2038	-	-	108,692	2,088
2039-2040	-	-	32,874	150
Totals	<u>\$ 8,455,000</u>	<u>\$ 504,018</u>	<u>\$ 790,412</u>	<u>\$ 64,022</u>

Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 11,195,000	\$ -	\$ 2,740,000	\$ 8,455,000	\$ 2,155,000
Direct Placements	862,958	-	72,546	790,412	74,051
Long-term Liabilities	<u>\$ 12,057,958</u>	<u>\$ -</u>	<u>\$ 2,812,546</u>	<u>\$ 9,245,412</u>	<u>\$ 2,229,051</u>

Note 7. Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the Daviess County Fiscal Court to place a final cover on its Municipal Solid Waste Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste. As of June 30, 2023, county engineers estimate the liability for closure care costs at \$8,831,502. Approximately 7.0% of the landfill airspace capacity has been used as of June 30, 2023.

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

Note 7. Landfill Closure and Post-Closure Costs (Continued)

401 KAR 48:310 Section 2 and 3 requires the owner or operator of a landfill to have a detailed written estimate, in current dollars, the cost of hiring a third party to close the solid waste disposal site and to conduct each phase of closure care monitoring and maintenance in accordance with the closure plan. Pursuant to the regulatory basis of accounting, as described in Note 1, no liability has been recognized on the financial statement for closure or post closure care costs. Daviess County must comply with established state and federal closure procedures and must perform maintenance and monitoring procedures at the site for 30 years after closure. The estimated post-closure care costs totals \$4,622,190 or \$154,073 per year for 30 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Estimates are adjusted for inflation. The projected remaining life for the current permitted space is 26.2 years. No cost related to closure or post-closure care has been incurred to date. In order to meet financial assurance requirements, the fiscal court reserves a portion of the landfill receipts for landfill closure and post-closure care. For every ton deposited into the county's landfill, \$1 is transferred from the solid waste operating fund into the solid waste closure fund and \$0.25 is transferred into the solid waste post-closure fund. At June 30, 2023, the Solid Waste Closure Fund had a balance of \$4,930,994 and the Solid Waste Post-Closure Fund had a balance of \$3,329,664.

Note 8. Contingencies

The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 9. Employee Retirement System

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

The county's contribution for FY 2021 was \$3,188,687, FY 2022 was \$3,693,516 and FY 2023 was \$4,330,934.

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 CERS insurance fund.

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

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

Note 9. Employee Retirement System (Continued)

Nonhazardous (Continued)

Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

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

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and 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 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 hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 49.59 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

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

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

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

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, they earn fifteen 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. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. 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 COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS 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.

E. 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.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS 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 Systems Annual Financial Report and Proportionate Share Audit Report

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

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

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

Note 10. Deferred Compensation

The Daviess 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 11. Insurance

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

Note 12. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to various entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Daviess County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2023, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 13. Tax Abatements

In the current year, property taxes related to one entity were abated. The entity is eligible to receive this tax abatement under an industrial revenue bond agreement. The taxes are abated by a reduction of assessed value. There is no provision for recapture of abated taxes. Scott Paper Company (now Kimberly-Clark) committed to buy over 1,000 acres and build a \$500 million paper-making plant employing up to 550 people. For fiscal year ended June 30, 2023, property taxes totaling \$50,551 were abated. As part of the tax abatement agreement, the fiscal court committed to issuing the Industrial Revenue Bonds which allowed the property to be property-tax exempt.

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

Note 14. Leases

1. Lessee

Daviess County maintains leases, as a lessee for two areas of operations:

- a. Tower Rental: The Fiscal Court is currently in a five-year lease agreement with two communications companies, Tillman Infrastructure and VB-S1 Assets. Both leases commenced on July 1, 2022, and end on January 1, 2027. An initial lease liability was incurred in the amount of \$174,856. During the fiscal year ended June 30, 2023, the County made payments under these leases totaling \$35,262.
- b. Building Structures: The Fiscal Court is currently in a four-year lease agreement with the City of Owensboro to lease parking spaces in the city-owned parking garage. The lease commenced on July 1, 2022, and end on June 30, 2025. An initial lease liability was incurred in the amount of \$60,480. As of June 30, 2023, the County made payments under these leases totaling \$20,160.

The future payments required under these lease agreements as of June 30, 2023, were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Payments Under Lease Agreements</u>
2024	\$ 54,432
2025	54,432
2026	34,272
2027	<u>18,448</u>
	<u>\$ 161,584</u>

Short-term Leases: The Fiscal Court also leases parking spaces under a short-term lease from another entity. Payments made under the short-term lease agreement totaled \$6,050 in the fiscal year ended June 30, 2023.

2. Lessor

Daviess County Fiscal Court maintains leases under three areas of operations:

- a. Buildings and Structures:
 - i. The Fiscal court is currently in two five-year lease agreements with the Commonwealth's Attorney to lease operating space. Both leases commenced on July 1, 2022 and end on June 30, 2023. Both agreements have seven one-year renewal options. An initial lease receivable was incurred in the amount of \$408,425. As of June 30, 2023, the value of the lease receivable was \$357,372. During the year ended June 30, 2023, the Fiscal Court received payments under these leases totaling \$51,053.
 - ii. The Fiscal Court leases building space to the Kentucky Transportation Cabinet for its Real ID program. The original lease commenced on December 7, 2021, and will end on December 7, 2024. An initial lease receivable was incurred in the amount of \$115,092. As of June 30, 2023, the value of the lease receivable was \$38,363. The Fiscal Court received payments under this lease totaling \$38,363 during the fiscal year ended June 30, 2023.
 - iii. The Fiscal Court leases building space to Western Kentucky University. The lease commenced on November 1, 2020, and ends on October 31, 2030. An initial lease receivable was incurred in the amount of \$820,000. As of June 30, 2023, the value of the lease receivable was \$574,000. The Fiscal Court received payments under this lease totaling \$82,000 during the year ended June 30, 2023.

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

Note 14. Leases (Continued)

2. Lessor (Continued)

b. Mining Leases:

- i. The Fiscal Court leases mining rights to Yager Materials, LLC. The lease commenced on December 20, 2018, and ends on December 19, 2023. An initial lease receivable was incurred in the amount of \$50,000. At June 30, 2023, the value of the lease receivable was \$0. The Fiscal Court received payments totaling \$10,000 under this lease during the fiscal year ended June 30, 2023.

c. Contracts that Transfer Ownership:

- i. Under a contract that transfers ownership, the Fiscal Court leased a piece of equipment to Ricky Moore Trucking, LLC. The lease commenced on June 1, 2021, and ends on May 31, 2025. An initial lease receivable in the amount of \$144,000 was incurred. As of June 30, 2023, the value of the lease receivable was \$72,000. The Fiscal Court received payments totaling \$36,000 under this lease during the fiscal year ended June 30, 2023.

The future minimum payments anticipated under lease agreements as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Payments Under Lease Agreements
2024	\$ 207,416
2025	169,053
2026	133,053
2027	133,053
2028	133,053
Thereafter	266,106
	<u>\$ 1,041,735</u>

Related Party Leases: The Fiscal Court provides office space to the Daviess County Attorney. For the purposes of seeking reimbursement for occupancy space under the terms and conditions of the Daviess County Attorney's Child Support grant, the Fiscal Court executed a formal lease agreement with the Daviess County attorney that commenced on February 23, 2023, and ends on February 20, 2033. The Fiscal Court incurred an initial receivable in the amount of \$401,520 under the terms of this agreement. As of June 30, 2023, no payments have been received under this agreement.

Short-term Leases: The Fiscal Court leases space to the Kentucky Administrative Office of the Courts under short-term lease agreements. The Fiscal Court received payment totaling \$114,471 during the fiscal year ended June 30, 2023. The Fiscal Court leases parking spaces for bicycle terminals to Boro Bikes, LLC under a short-term lease. The Fiscal Court received payments totaling \$300 for the fiscal year ended June 30, 2023.

DAVIESS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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DAVIESS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

GENERAL FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	RECEIPTS			
Taxes	\$ 24,084,000	\$ 24,084,000	\$ 29,199,343	\$ 5,115,343
In Lieu Tax Payments	1,500	1,500	-	(1,500)
Excess Fees	2,400,000	2,400,000	3,671,609	1,271,609
Licenses and Permits	195,500	195,500	197,956	2,456
Intergovernmental	13,640,835	14,994,335	3,954,669	(11,039,666)
Charges for Services	135,000	135,000	277,262	142,262
Miscellaneous	364,550	364,550	1,260,019	895,469
Interest	100,000	100,000	371,885	271,885
Total Receipts	<u>40,921,385</u>	<u>42,274,885</u>	<u>38,932,743</u>	<u>(3,342,142)</u>
DISBURSEMENTS				
General Government	9,194,848	10,511,248	9,487,409	1,023,839
Protection to Persons and Property	7,226,153	7,361,153	6,461,217	899,936
General Health and Sanitation	1,037,911	1,197,411	1,026,883	170,528
Social Services	574,664	582,164	357,428	224,736
Recreation and Culture	3,357,169	3,775,169	3,302,238	472,931
Airports	100,000	100,000	100,000	-
Bus Services	300,000	300,000	213,478	86,522
Debt Service	25,000	25,000	22,712	2,288
Capital Projects	12,695,500	14,805,500	7,315,272	7,490,228
Administration	15,179,918	12,387,018	1,184,426	11,202,592
Total Disbursements	<u>49,691,163</u>	<u>51,044,663</u>	<u>29,471,063</u>	<u>21,573,600</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(8,769,778)</u>	<u>(8,769,778)</u>	<u>9,461,680</u>	<u>18,231,458</u>
Other Adjustments to Cash (Uses)				
Bond Sale Proceeds				
Transfers From Other Funds	200,000	200,000	5,662,144	5,462,144
Transfers To Other Funds	(8,930,222)	(8,930,222)	(8,953,580)	(23,358)
Total Other Adjustments to Cash (Uses)	<u>(8,730,222)</u>	<u>(8,730,222)</u>	<u>(3,291,436)</u>	<u>5,438,786</u>
Net Change in Fund Balance	(17,500,000)	(17,500,000)	6,170,244	23,670,244
Fund Balance Beginning	<u>17,500,000</u>	<u>17,500,000</u>	<u>28,940,725</u>	<u>11,440,725</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,110,969</u>	<u>\$ 35,110,969</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,523,823	\$ 2,523,823	\$ 2,411,349	\$ (112,474)
Miscellaneous	11,500	11,500	7,431	(4,069)
Interest	3,500	3,500	37,154	33,654
Total Receipts	<u>2,538,823</u>	<u>2,538,823</u>	<u>2,455,934</u>	<u>(82,889)</u>
DISBURSEMENTS				
Roads	6,132,713	6,568,213	5,485,093	1,083,120
Administration	501,000	65,500	(5,452)	70,952
Total Disbursements	<u>6,633,713</u>	<u>6,633,713</u>	<u>5,479,641</u>	<u>1,154,072</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,094,890)</u>	<u>(4,094,890)</u>	<u>(3,023,707)</u>	<u>1,071,183</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>3,478,425</u>	<u>3,478,425</u>	<u>3,478,425</u>	<u>-</u>
Total Other Adjustments to Cash (Uses)	<u>3,478,425</u>	<u>3,478,425</u>	<u>3,478,425</u>	<u>-</u>
Net Change in Fund Balance	(616,465)	(616,465)	454,718	1,071,183
Fund Balance Beginning	<u>616,465</u>	<u>616,465</u>	<u>1,975,400</u>	<u>1,358,935</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,430,118</u>	<u>\$ 2,430,118</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 4,984,698	\$ 4,984,698	\$ 6,025,331	\$ 1,040,633
Charges for Services	355,000	355,000	424,419	69,419
Miscellaneous	501,000	501,000	594,918	93,918
Interest	5,000	5,000	40,046	35,046
Total Receipts	<u>5,845,698</u>	<u>5,845,698</u>	<u>7,084,714</u>	<u>1,239,016</u>
DISBURSEMENTS				
Protection to Persons and Property	10,131,695	10,131,695	9,078,334	1,053,361
Administration	26,000	26,000	(18,412)	44,412
Total Disbursements	<u>10,157,695</u>	<u>10,157,695</u>	<u>9,059,922</u>	<u>1,097,773</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,311,997)</u>	<u>(4,311,997)</u>	<u>(1,975,208)</u>	<u>2,336,789</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(370,000)	(370,000)	(369,845)	155
Transfers From Other Funds	3,781,997	3,781,997	3,781,997	-
Total Other Adjustments to Cash (Uses)	<u>3,411,997</u>	<u>3,411,997</u>	<u>3,412,152</u>	<u>155</u>
Net Change in Fund Balance	(900,000)	(900,000)	1,436,944	2,336,944
Fund Balance Beginning	<u>900,000</u>	<u>900,000</u>	<u>1,744,680</u>	<u>844,680</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,181,624</u>	<u>\$ 3,181,624</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 540,000	\$ 540,000	\$ 226,221	\$ (313,779)
Interest	1,000	1,000	4,099	3,099
Total Receipts	<u>541,000</u>	<u>541,000</u>	<u>230,320</u>	<u>(310,680)</u>
DISBURSEMENTS				
General Government	200,000	105,000	-	105,000
Roads	641,000	736,000	475,840	260,160
Total Disbursements	<u>841,000</u>	<u>841,000</u>	<u>475,840</u>	<u>365,160</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(245,520)</u>	<u>54,480</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	200,000	200,000	-	(200,000)
Transfers To Other Funds	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>
Total Other Adjustments to Cash (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(300,000)	(300,000)	(245,520)	54,480
Fund Balance Beginning	<u>300,000</u>	<u>300,000</u>	<u>383,960</u>	<u>83,960</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,440</u>	<u>\$ 138,440</u>

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

	SOLID WASTE CONSTRUCTION FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 1,000	\$ 1,000	\$ 2,942	\$ 1,942
Total Receipts	1,000	1,000	2,942	1,942
DISBURSEMENTS				
General Health and Sanitation	1,601,000	1,601,000	1,595,093	5,907
Total Disbursements	1,601,000	1,601,000	1,595,093	5,907
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,600,000)	(1,600,000)	(1,592,151)	7,849
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	800,000	800,000	800,000	-
Total Other Adjustments to Cash (Uses)	800,000	800,000	800,000	-
Net Change in Fund Balance	(800,000)	(800,000)	(792,151)	7,849
Fund Balance Beginning	800,000	800,000	810,350	10,350
Fund Balance - Ending	\$ -	\$ -	\$ 18,199	\$ 18,199

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

SOLID WASTE OPERATING FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Intergovernmental	341,000	341,000	474,815	133,815
Charges for Services	10,476,900	10,476,900	10,412,330	(64,570)
Miscellaneous	80,000	80,000	126,277	46,277
Interest	40,000	40,000	84,237	44,237
Total Receipts	<u>10,938,900</u>	<u>10,938,900</u>	<u>11,097,659</u>	<u>158,759</u>
DISBURSEMENTS				
General Health and Sanitation	11,828,130	13,582,630	12,018,900	1,563,730
Administration	6,000,770	4,246,270	(11,289)	4,257,559
Total Disbursements	<u>17,828,900</u>	<u>17,828,900</u>	<u>12,007,611</u>	<u>5,821,289</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(6,890,000)</u>	<u>(6,890,000)</u>	<u>(909,952)</u>	<u>5,980,048</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(1,110,000)</u>	<u>(1,110,000)</u>	<u>(1,057,837)</u>	<u>52,163</u>
Total Other Adjustments to Cash (Uses)	<u>(1,110,000)</u>	<u>(1,110,000)</u>	<u>(1,057,837)</u>	<u>52,163</u>
Net Change in Fund Balance	(8,000,000)	(8,000,000)	(1,967,789)	6,032,211
Fund Balance Beginning	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,555,359</u>	<u>555,359</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,587,570</u>	<u>\$ 6,587,570</u>

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

	BOND FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 4,122	\$ 4,122
Interest	1,000	1,000	41,450	40,450
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>45,572</u>	<u>44,572</u>
DISBURSEMENTS				
Debt Service	5,431,050	5,431,050	3,549,486	1,881,564
Administration	500	500	-	500
Total Disbursements	<u>5,431,550</u>	<u>5,431,550</u>	<u>3,549,486</u>	<u>1,882,064</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(5,430,550)</u>	<u>(5,430,550)</u>	<u>(3,503,914)</u>	<u>1,926,636</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,839,800	1,839,800	2,063,003	223,203
Total Other Adjustments to Cash (Uses)	<u>1,839,800</u>	<u>1,839,800</u>	<u>2,063,003</u>	<u>223,203</u>
Net Change in Fund Balance	(3,590,750)	(3,590,750)	(1,440,911)	2,149,839
Fund Balance Beginning	<u>3,590,750</u>	<u>3,590,750</u>	<u>3,831,037</u>	<u>240,287</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,390,126</u>	<u>\$ 2,390,126</u>

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

ECONOMIC DEVELOPMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 4,000	\$ 4,000	\$ 19,819	\$ 15,819
Total Receipts	4,000	4,000	19,819	15,819
DISBURSEMENTS				
General Government	1,344,000	1,344,000	-	1,344,000
Total Disbursements	1,344,000	1,344,000	-	1,344,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,340,000)	(1,340,000)	19,819	1,359,819
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	-	-	-	-
Total Other Adjustments to Cash (Uses)	-	-	-	-
Net Change in Fund Balance	(1,340,000)	(1,340,000)	19,819	1,359,819
Fund Balance Beginning	1,340,000	1,340,000	1,669,307	329,307
Fund Balance - Ending	\$ -	\$ -	\$ 1,689,126	\$ 1,689,126

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

	SOLID WASTE DEBT SERVICE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ -	\$ -	\$ 13	\$ 13
Total Receipts	-	-	13	13
DISBURSEMENTS				
Debt Service	1,000	1,000	40	960
Total Disbursements	1,000	1,000	40	960
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,000)	(1,000)	(27)	973
Net Change in Fund Balance	(1,000)	(1,000)	(27)	973
Fund Balance Beginning	1,000	1,000	1,029	29
Fund Balance - Ending	\$ -	\$ -	\$ 1,002	\$ 1,002

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

	SOLID WASTE CLOSURE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 30,000	\$ 30,000	\$ 58,913	\$ 28,913
Total Receipts	<u>30,000</u>	<u>30,000</u>	<u>58,913</u>	<u>28,913</u>
DISBURSEMENTS				
General Health and Sanitation	1,025,000	1,025,000	15,703	1,009,297
Administration	3,715,000	3,715,000	-	3,715,000
Total Disbursements	<u>4,740,000</u>	<u>4,740,000</u>	<u>15,703</u>	<u>4,724,297</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,710,000)</u>	<u>(4,710,000)</u>	<u>43,210</u>	<u>4,753,210</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	250,000	250,000	218,984	(31,016)
Total Other Adjustments to Cash (Uses)	<u>250,000</u>	<u>250,000</u>	<u>218,984</u>	<u>(31,016)</u>
Net Change in Fund Balance	(4,460,000)	(4,460,000)	262,194	4,722,194
Fund Balance Beginning	<u>4,460,000</u>	<u>4,460,000</u>	<u>4,668,800</u>	<u>208,800</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,930,994</u>	<u>\$ 4,930,994</u>

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

	SOLID WASTE POST CLOSURE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 20,000	\$ 20,000	\$ 40,539	\$ 20,539
Total Receipts	20,000	20,000	40,539	20,539
DISBURSEMENTS				
Administration	3,280,000	3,280,000	-	3,280,000
Total Disbursements	3,280,000	3,280,000	-	3,280,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,260,000)	(3,260,000)	40,539	3,300,539
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	60,000	60,000	38,853	(21,147)
Total Other Adjustments to Cash (Uses)	60,000	60,000	38,853	(21,147)
Net Change in Fund Balance	(3,200,000)	(3,200,000)	79,392	3,279,392
Fund Balance Beginning	3,200,000	3,200,000	3,250,272	50,272
Fund Balance - Ending	\$ -	\$ -	\$ 3,329,664	\$ 3,329,664

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

	AMERICAN RECOVERY PLAN ACT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 100,000	\$ 100,000	\$ 138,222	38,222
Total Receipts	<u>100,000</u>	<u>100,000</u>	<u>138,222</u>	<u>38,222</u>
DISBURSEMENTS				
General Government	1,412,000	1,412,000	-	1,412,000
Protection to Persons and Property	7,078,000	7,078,000	-	7,078,000
Roads	1,410,000	1,410,000	-	1,410,000
Capital Projects	10,000,000	10,000,000	1,000,000	9,000,000
Total Disbursements	<u>19,900,000</u>	<u>19,900,000</u>	<u>1,000,000</u>	<u>18,900,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(19,800,000)</u>	<u>(19,800,000)</u>	<u>(861,778)</u>	<u>18,938,222</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				
Transfers To Other Funds	-	-	(5,662,144)	(5,662,144)
Total Other Adjustments to Cash (Uses)	<u>-</u>	<u>-</u>	<u>(5,662,144)</u>	<u>(5,662,144)</u>
Net Change in Fund Balance	(19,800,000)	(19,800,000)	(6,523,922)	13,276,078
Fund Balance Beginning	<u>19,800,000</u>	<u>19,800,000</u>	<u>15,718,647</u>	<u>(4,081,353)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,194,725</u>	<u>\$ 9,194,725</u>

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

COUNTY CLERK PERMANENT STORAGE FEES

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 250,000	\$ 250,000	\$ 136,990	(113,010)
Interest			1,067	\$ 1,067
Total Receipts	<u>250,000</u>	<u>250,000</u>	<u>138,057</u>	<u>(111,943)</u>
DISBURSEMENTS				
Capital Projects	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total Disbursements	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
	<u>-</u>	<u>-</u>	<u>138,057</u>	<u>138,057</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Adjustments to Cash (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance				
	<u>-</u>	<u>-</u>	<u>138,057</u>	<u>138,057</u>
Fund Balance Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,057</u>	<u>\$ 138,057</u>

DAVIESS COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES
June 30, 2023

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting 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.

**DAVISS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

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DAVISS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of the Treasury</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	NA	\$ -	\$ 6,662,144
Total direct funding from U.S. Department of the Treasury			-	6,662,144
<u>Passed-Through Kentucky Infrastructure Authority</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	21CWW041	-	847,596
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	22CWW133	-	592,086
<u>Total U. S. Department of the Treasury</u>			-	8,101,826
<u>U. S. Department of Health and Human Resources</u>				
<u>Passed-Through State Department Cabinet for Families and Children</u>				
Child Support Enforcement	93.563	SC-727-2300001606	-	544,317
<u>Total U. S. Department of Health and Human Resources</u>			-	544,317
<u>U. S. Department of Homeland Security</u>				
<u>Passed-Through Kentucky Emergency Management</u>				
Hazard Mitigation Grant Program	97.039	SC-095-2200001509	-	56,375
Hazard Mitigation Grant Program	97.039	SC-095-2200001515	-	8,989
Emergency Management Performance Grants	97.042	SC-095-2300000859	-	57,391
<u>Total U. S. Department of Homeland Security</u>			-	122,755
<u>U. S. Department of Housing and Urban Development</u>				
<u>Passed-Through State Dept for Local Government:</u>				
Community Development Block Grants/States Program - Owensboro Regional Recovery	14.228	21-032	200,000	200,000
Community Development Block Grants/States Program - Owensboro Regional Recovery	14.228	20-005	199,000	199,000
Community Development Block Grants/States Program - Covid Utility Assistance Program - COVID-19	14.228	20C-102	20,000	20,000
<u>Total U. S. Department of Housing and Urban Development</u>			419,000	419,000
Total Expenditures of Federal Assistance			\$ 419,000	\$ 9,187,898

The accompanying notes are an integral part of this schedule.

DAVISS COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Daviess County, Kentucky under programs of the federal government for the year ended June 30, 2023. 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 Daviess County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Daviess County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported based on 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.

Note 3. Indirect Cost Rate

Daviess 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.

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

For The Year Ended June 30, 2023

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DAVIESS COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Buildings	\$ 40,111,840	\$ 476,842	\$ -	\$ 40,588,682
Land	5,642,644	-	-	5,642,644
Land Improvements	18,394,358	313,912	-	18,708,270
Construction in Progress	4,899,103	2,630,540	(4,415,014)	3,114,629
Vehicles and Equipment	25,642,242	12,337,368	(929,386)	37,050,224
Jail Commissary	328,181	13,859	(33,603)	308,437
Infrastructure	124,389,022	1,680,061	-	126,069,083
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets	<u>\$ 219,407,390</u>	<u>\$ 17,452,582</u>	<u>\$(5,378,003)</u>	<u>\$ 231,481,969</u>

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

June 30, 2023

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 50,000	10-25
Buildings and Building Improvements	\$ 50,000	10-40
Vehicles and Equipment	\$ 15,000	5-10
Infrastructure	\$ 55,000	10-50

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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The Honorable Charlie Castlen, Daviess County Judge/Executive
Members of the Daviess County Fiscal Court

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

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 Daviess County Fiscal Court for the fiscal year ended June 30, 2023 and the related notes to the financial statement which collectively comprise the Daviess County Fiscal Court's financial statement and have issued our report thereon dated October 19, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Daviess County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing 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 Daviess County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Daviess County Fiscal Court's internal control.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Daviess 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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,

A handwritten signature in black ink that reads "MUM CPAs & Advisors LLP". The signature is stylized and cursive.

Lexington, Kentucky
October 19, 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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The Honorable Charlie Castlen, Daviess County Judge/Executive
Members of the Daviess County Fiscal Court

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

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Daviess County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Daviess County Fiscal Court's major federal programs for the year ended June 30, 2023. The Daviess 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, the Daviess County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 the Daviess 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 Daviess County Fiscal Court's compliance with the compliance requirements referred to above.

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 Daviess County Fiscal Court's federal programs.

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

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 the Daviess 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 the Daviess 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 the Daviess 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 the Daviess 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 the Daviess 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 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.

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,

And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

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

Respectfully submitted,

A handwritten signature in black ink that reads "MCM CPAs & Advisors LLP". The signature is written in a cursive, stylized font.

Lexington, Kentucky
October 23, 2023

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

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 type="checkbox"/> Yes	<input checked="" 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 type="checkbox"/> Yes	<input checked="" 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>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	State and Local Fiscal Recovery Funds - COVID-19

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as a low-risk auditee?	___ Yes	___ <u>X</u> No

DAVISS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

Section II: Financial Statement Findings

None noted.

Section III: Federal Award Findings And Questioned Costs

None noted.

Summary Schedule of Prior Audit Findings

DAVISS COUNTY FISCAL COURT

For The Year Ended June 30, 2023

DAVIESS COUNTY
Summary Schedule of Prior Audit Findings
For The Year Ended June 30, 2023

None - no audit findings in the prior year.

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

DAVISS COUNTY FISCAL COURT

For The Year Ended June 30, 2023