



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

July 31, 2023

Sen. Chris McDaniel, Co-Chairman
Rep. Jason Petrie, Co-Chairman
Interim Joint Committee on Appropriations & Revenue

Dear Co-Chairs and Members:

This report is provided in accordance with House Bill 1 of the 2022 Regular Session, which stated in relevant part: “The Auditor of Public Accounts shall provide a listing of fee receipts for all audits and special examinations, itemized by type, agency, or unit of government, as well as billing methodology to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.”

The charts on the following pages provide a listing by audit type for all audit revenues received by Auditor of Public Accounts (APA) during the Fiscal Year ending on June 30, 2023 (FY 2023). It is important to note that billing for audit services is the only source of restricted funds for the APA. Unlike many other agencies, my office does not receive federal funds or have other restricted fund revenue streams. The billing methodology is described in more detail on page 5 of this report.

Please do not hesitate to contact my office should you have questions or require additional information regarding audit revenues or any other matters.

Thanks and God Bless,

Mike Harmon
Auditor of Public Accounts



**Auditor Of Public Accounts
Financial Audit Receipts
County Audits
Fiscal Year 2023**

REVENUE		AGENCY RECEIPTS	AUDIT COUNTS FOR
CODE	DESCRIPTION	SUMMARY FY 2023	COUNTY TYPES
R451	Auditing Fiscal Courts	\$ 1,489,598.29	62
R452	Auditing Sheriff's Tax Settlements	757,491.99	102
R470	Auditing County Clerk's Fee	570,343.15	108
R471	Agreed-Upon Procedures County Clerk's Fee	24,737.61	14
R472	Auditing Sheriff's Fee	638,814.84	102
R473	Agreed-Upon Procedures Sheriff's Fee	58,621.48	36
R475	Agreed-Upon Procedures County Attorneys	20,982.76	13
R476	Auditing Special Purpose Government Entities (SPGE) *	85,790.63	3
R477	Fiscal Court CPA Reviews	47,129.77	42
R479	Agreed-Upon Procedures PVAs	88,068.14	47
TOTAL AGENCY RECEIPTS:		\$ 3,781,578.66	529

* - Includes Area Development District and Regional Jail audits.

County Hourly Rate - \$65.00

**Auditor Of Public Accounts
Financial Audit Receipts
State Audits And Special Exams
Fiscal Year 2023**

REVENUE CODE	DESCRIPTION	AGENCY RECEIPTS SUMMARY FY 2023	AUDIT COUNTS FOR STATE AND SPECIAL EXAM TYPES
R438	Auditing State Agencies		
	Educational Cooperatives - CPA Reviews	\$ 2,562.00	7
	Area Development Districts - CPA Reviews	5,985.00	12
	Kentucky Department For Workforce Investments - Statewide Single Audit Volume II	42,021.62	1
	Kentucky Finance And Administration Cabinet - Statewide Single Audit Volume II	15,569.83	1
	Kentucky Finance And Administration Cabinet - Emergency Rental Assistance Program - Statewide Single Audit Volume II	18,060.00	1
	Kentucky Finance And Administration Cabinet - Capital Assets	32,669.10	1
	Kentucky Department Of Agriculture - Statewide Single Audit Volume II	52,720.16	2
	Kentucky Department Of Education - Procurement Reviews	65,688.00	1
	Kentucky Department Of Education - Desk Reviews - School And Community Nutrition	22,428.00	1
	Kentucky Department Of Education - Desk Reviews - School District Suport	133,161.00	1
	Kentucky Department Of Fish & Wildlife Resources - Statewide Single Audit Volume II	31,865.95	1
	Kentucky Office Of The State Budget Director - Statewide Single Audit Volume II	115,820.46	1
	Kentucky Adult Education Agreed-Upon Procedures	125,503.03	31
	Cabinet For Health And Family Services - Tobacco Settlement	9,765.00	4
	Council For Post Secondary Education - Tobacco Settlement	4,746.00	2
	Energy And Environment Cabinet - Tobacco Settlement	1,806.00	1
	Governor's Office Of Agricultural Policy - Tobacco Settlement	5,712.00	2
	Governor's Office Of Early Childhood Development - Tobacco Settlement	2,478.00	1
	Justice And Public Safety Cabinet - Tobacco Settlement	3,423.00	2
	Kentucky Department For Local Government - Appalachian Area Development - Statewide Single Audit Volume II	26,140.25	1
	Kentucky Department For Local Government - Community Development Block Grants - Statewide Single Audit Volume II	38,486.41	1
	Kentucky Department Of Workforce Development - Statewide Single Audit Volume II	49,354.98	1
	Kentucky Office Of Unemployment Insurance - Statewide Single Audit Volume I & II	232,495.79	2
	Kentucky Office Of Unemployment Insurance - Coronavirus State And Local Fiscal Recovery Funds Program - Statewide Single Audit Volume II	13,615.17	1
	Kentucky 911 Services Board PSAP Agreed-Upon Procedures	169,323.00	112
	Kentucky 911 Services Board Providers Agreed-Upon Procedures	65,310.00	33
	Kentucky 911 Services Board	51,093.00	1
	Kentucky Department Of Veteran's Affairs	22,491.00	2
	Kentucky Heritage Land Conservation Fund	6,846.00	1
	Kentucky Reclamation Guaranty Fund	25,221.00	1
	Kentucky Lottery Corporation	65,997.00	1
	Cabinet For Health And Family Services - Breast Cancer Trust Fund	12,600.00	1
	Kentucky Artisan Center At Berea	34,692.00	1
	Kentucky River Authority	31,521.00	1
	Louisville Metro	5,355.00	2
	Kentucky Horse Park	66,593.00	1
	Kentucky Transportation Cabinet - Motor Vehicle Registration	446,683.24	1
	Kentucky Transportation Cabinet - Statewide Single Audit Volume I & II	228,292.39	2

**Auditor Of Public Accounts
Financial Audit Receipts
State Audits And Special Exams
Fiscal Year 2023**

REVENUE CODE	DESCRIPTION	AGENCY RECEIPTS SUMMARY FY 2023	AUDIT COUNTS FOR STATE AND SPECIAL EXAM TYPES
R438	Auditing State Agencies		
	Kentucky Department Of Education - Statewide Single Audit Volume I & II	\$ 123,090.47	1
	Cabinet For Health And Family Services - Statewide Single Audit Volume I & II	398,342.77	1
	Cabinet For Health And Family Services - Coronavirus State and Local Fiscal Recovery Funds Program - Statewide Single Audit Volume II	32,631.02	1
R478	Special Exams		
	City of Frankfort	1,500.00	1
	TOTAL AGENCY RECEIPTS:	\$ 2,839,658.64	243

State And Special Exams Hourly Rate - \$84.00

Note: The Auditor's Office of Special Exams received General Fund appropriations in FY 2022 totaling \$50,000 and in FY 2023 totaling \$150,000 to perform a special examination of Kentucky State University.

Billing Methodology

As directed by law, the Auditor of Public Accounts (APA) bills the governmental entity that is the subject of an audit or special examination for the cost of the services required to perform the audit or special examination. APA effectuates this directive by charging an hourly rate for services, as well as billing for auditor travel and other costs associated with the audit or examination. The most common costs, other than travel, are fees relating to a service used to obtain bank confirmations. APA hourly rates are reviewed at least annually and established to generate sufficient revenue to cover the essential costs of agency operations that are not funded by General Fund appropriations.

Pursuant to KRS 43.050(5), “Except where otherwise provided, any expenses incurred by the Auditor for audits, examinations, investigations, or reviews shall be charged to the entity that is the subject of the audit, examination, investigation, or review. The Auditor shall maintain a record of all time expenses for each audit, examination, investigation, or review.” While KRS 43.050 provides a generalized billing directive, there are other statutes that may be applicable to specific audit types. For example, KRS 43.070 provides that annual audits of the budgeted funds of fiscal courts are to be billed at one-half cost, which is implemented by billing those services at 50% of the normal rate. The legislature may also exempt certain audits from billing. For example, in House Bill 8 of the 2022 Regular Session, the legislature continued a longstanding practice of specifying that APA “receives General Fund appropriations for audits of the statewide systems of personnel and payroll, cash and investments, revenue collection, and the state accounting system,” so those corresponding audits are not billed to the audited agencies. Similarly, House Bill 1 of the 2022 Regular Session moved sheriff and clerk billing to 50% of cost, while simultaneously providing general fund replacement funding for that lost restricted fund revenue.