

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

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



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

**Independent Auditor's Report**

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable David R. Daugherty, Marion County Judge/Executive

Members of the Marion County Fiscal Court

**Report on the Audit of the Financial Statement**

***Opinions***

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Marion County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Marion County Fiscal Court's financial statement as listed in the table of contents.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Marion County Fiscal Court, for the year ended June 30, 2022, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Marion County Fiscal Court, for the year ended June 30, 2022, or the changes in financial position and cash flows thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Marion County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky  
 The Honorable Andy Beshear, Governor  
 Holly M. Johnson, Secretary  
 Finance and Administration Cabinet  
 The Honorable David R. Daugherty, Marion County Judge/Executive  
 Members of the Marion County Fiscal Court

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

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

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

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable David R. Daugherty, Marion County Judge/Executive  
Members of the Marion County Fiscal Court

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

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

**Other Matters**

***Supplementary Information***

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

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

***Other Information***

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the Marion County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marion County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable David R. Daugherty, Marion County Judge/Executive  
Members of the Marion County Fiscal Court

**Other Reporting Required by *Government Auditing Standards* (Continued)**

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

- 2022-001 The Marion County Jail Commissary Does Not Have Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations
- 2022-002 The Marion County Jail Inmate Fund And Bond Fund Bank Reconciliations Were Not Prepared Timely Or Accurately

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

December 15, 2022

**MARION COUNTY OFFICIALS****For The Year Ended June 30, 2022****Fiscal Court Members:**

David R. Daugherty	County Judge/Executive
Larry V. Caldwell	Magistrate
Judy T. Blackwell	Magistrate
John R. Fogle	Magistrate
Craig A. Bishop	Magistrate
Joseph P. Kirkland	Magistrate

**Other Elected Officials:**

Lisa Nally-Martin	County Attorney
Barry Brady	Jailer
Chad G. Mattingly	County Clerk
Kim May	Circuit Court Clerk
Jimmy Clements	Sheriff
Terry Rakes	Property Valuation Administrator
Robert A. Mattingly	Coroner

**Appointed Personnel:**

Kevin Cochran	County Treasurer
Melissa Gibson	Chief Financial Officer

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

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

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

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

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 6,134,515	\$	\$
Excess Fees	169,547		
Licenses and Permits	2,633		
Intergovernmental	411,396	1,590,480	3,740,434
Charges for Services	2,382,571		1,052
Miscellaneous	642,621	107,317	217,277
Interest	7,484	99	292
Total Receipts	<u>9,750,767</u>	<u>1,697,896</u>	<u>3,959,055</u>
<b>DISBURSEMENTS</b>			
General Government	1,800,177		
Protection to Persons and Property	410,453	1,337	3,738,730
General Health and Sanitation	1,921,694		
Social Services	406,808		
Recreation and Culture	25,000		
Transportation Facility and Services	2,475		
Roads		2,092,626	
Debt Service	395,158		126
Capital Projects	112,500		
Administration	<u>2,116,833</u>	<u>248,531</u>	<u>1,366,026</u>
Total Disbursements	<u>7,191,098</u>	<u>2,342,494</u>	<u>5,104,882</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,559,669</u>	<u>(644,598)</u>	<u>(1,145,827)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Change in Payroll Revolving Account	(89,865)		
Transfers From Other Funds	731,532	659,856	1,276,341
Transfers To Other Funds	<u>(2,205,000)</u>		
Total Other Adjustments to Cash (Uses)	<u>(1,563,333)</u>	<u>659,856</u>	<u>1,276,341</u>
Net Change in Fund Balance	996,336	15,258	130,514
Fund Balance - Beginning (Restated)	<u>4,710,260</u>	<u>97,992</u>	<u>84,483</u>
Fund Balance - Ending	<u>\$ 5,706,596</u>	<u>\$ 113,250</u>	<u>\$ 214,997</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 5,550,546	\$ 113,524	\$ 374,306
Payroll Revolving Account Reconciled Balance	252,599		
Less: Outstanding Checks	<u>(96,549)</u>	<u>(274)</u>	<u>(159,309)</u>
Fund Balance - Ending	<u>\$ 5,706,596</u>	<u>\$ 113,250</u>	<u>\$ 214,997</u>

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

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

<b>Budgeted Funds</b>			
<b>Local Government Economic Assistance Fund</b>	<b>Emergency Medical Services Fund</b>	<b>National Scenic By-Way Fund</b>	<b>American Rescue Plan Act Fund</b>
\$	\$	\$	\$
94,041	10,000	1	1,871,777
	855,558		
	13,982		
134	6		2,694
94,175	879,546	1	1,874,471
	1,227,173		
	483,469		176,341
	1,710,642		176,341
94,175	(831,096)	1	1,698,130
	695,204		(1,157,933)
	695,204		(1,157,933)
94,175	(135,892)	1	540,197
81,912	218,503	16,035	1,871,938
\$ 176,087	\$ 82,611	\$ 16,036	\$ 2,412,135
\$ 176,087	\$ 89,146	\$ 16,036	\$ 2,412,135
	(6,535)		
\$ 176,087	\$ 82,611	\$ 16,036	\$ 2,412,135

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

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

	<b>Unbudgeted Funds</b>			
	<b>Homeland Security Fund</b>	<b>Public Properties Corporation Fund</b>	<b>Jail Commissary Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$ 6,134,515
Excess Fees				169,547
Licenses and Permits				2,633
Intergovernmental		891,800		8,609,929
Charges for Services			608,852	3,848,033
Miscellaneous				981,197
Interest		9		10,718
Total Receipts		891,809	608,852	19,756,572
<b>DISBURSEMENTS</b>				
General Government				1,800,177
Protection to Persons and Property				5,377,693
General Health and Sanitation				1,921,694
Social Services				406,808
Recreation and Culture			611,818	636,818
Transportation Facility and Services				2,475
Roads				2,092,626
Debt Service		888,600		1,283,884
Capital Projects				112,500
Administration		25,496		4,416,696
Total Disbursements		914,096	611,818	18,051,371
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(22,287)	(2,966)	1,705,201
<b>Other Adjustments to Cash (Uses)</b>				
Change in Payroll Revolving Account				(89,865)
Transfers From Other Funds				3,362,933
Transfers To Other Funds				(3,362,933)
Total Other Adjustments to Cash (Uses)				(89,865)
Net Change in Fund Balance		(22,287)	(2,966)	1,615,336
Fund Balance - Beginning (Restated)	139	39,837	18,552	7,139,651
Fund Balance - Ending	\$ 139	\$ 17,550	\$ 15,586	\$ 8,754,987
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 139	\$ 17,550	\$ 18,819	\$ 8,768,288
Payroll Revolving Account Reconciled Balance				252,599
Less: Outstanding Checks			(3,233)	(265,900)
Fund Balance - Ending	\$ 139	\$ 17,550	\$ 15,586	\$ 8,754,987

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

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**MARION COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2022**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

**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.

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Budgeted Funds (Continued)**

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.

Emergency Medical Services Fund - The primary purpose of this fund is to account for the emergency medical services expenses of the county. The primary source of receipts is charges for services provided.

National Scenic By-Way Fund - The primary purpose of this fund is to account for grant funds and related expenditures as they relate to the national scenic by-way project. The primary sources of receipts for this fund are grants from the state and matching contributions from the various counties this by-way runs through.

American Rescue Plan Act Fund - The primary purpose of the fund is to account for federal expenses of the county. The primary source of this fund is federal money for the coronavirus recovery fund.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Homeland Security Fund - The primary purpose of this fund is to account for some emergency equipment expenses of the county. The primary source of receipts for this fund is federal and state grants. This fund wasn't budgeted due to no disbursements for the fiscal year.

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

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

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

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

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Information (Continued)**

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

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

**E. Marion County Elected Officials**

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

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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

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

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. 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, 2022, 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 2022.

	General	American Rescue Plan Act	Total
	Fund	Fund	Transfers In
General Fund	\$	\$ 731,532	\$ 731,532
Road Fund	615,000	44,856	659,856
Jail Fund	995,000	281,341	1,276,341
Emergency Medical Services Fund	595,000	100,204	695,204
Total Transfers Out	<u>\$ 2,205,000</u>	<u>\$ 1,157,933</u>	<u>\$ 3,362,933</u>

Reason for transfers:

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

**Note 4. Custodial Funds**

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

The fiscal court has the following custodial funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2022 was \$253,567.

Inmate Bond Fund - This fund accounts for bond monies held for custodial purposes only until remitted to the proper agencies or individuals. The balance in the inmate bond fund as of June 30, 2022 was \$133.

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

**Note 5. Leases**

**A. Lessor**

1. On October 1, 2019, the Marion County Fiscal Court began leasing office space in the old Career Center building to the Marion County Division of Child Support. The lessee has the option to extend the terms of this lease for an additional year, without changing the terms of the lease with the exception of the rate of the rent, which shall be negotiated at the time of the term of the renewal. The Marion County Fiscal Court will receive monthly payments of \$810. The Marion County Fiscal Court recognized \$9,720 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Marion County Fiscal Court's receivable for lease payments was \$2,430.
2. On August 1, 2016, the Marion County Fiscal Court began leasing real property known as "Allens View" to Communicare, Inc., a Kentucky non-profit corporation. The lessee has the option to extend this lease for up to five year extensions without any other change in the agreement. The Marion County Fiscal Court will receive monthly payments of \$850. The Marion County Fiscal Court recognized \$10,200 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Marion County Fiscal Court's receivable for lease payments was \$41,650.
3. On November 30, 2015, the Marion County Public Properties Corporation (the corporation), a blended component unit of the fiscal court, began leasing the judicial center to the Administrative Office of the Courts (AOC). The lease is for two years and the rental payments shall agree to the annual principal and interest costs on the bonds issued for the construction of the building. On July 1 of each even numbered year, the lease may be renewed by AOC, for another biennial period of two years. The lease renewal shall automatically be considered to have been affirmatively exercised each even numbered year by AOC, unless notice of its election not to exercise the option for the biennial period be given by AOC to the corporation, the trustee, and the county in writing at least 60 days prior to the renewal date hereof. The corporation recognized \$890,600 in lease revenue during the current fiscal year. As of June 30, 2022, the corporation's receivable for lease payments was \$1,776,750.

**B. Lessee**

1. On February 17, 2021, the Marion County Fiscal Court entered into a three-year lease agreement as lessee for the use of office equipment (copier) at the Marion County Detention Center. An initial lease liability was recorded in the amount of \$27,949 during fiscal year 2021. The Marion County Fiscal Court is required to make monthly principal payments of \$776. As of June 30, 2022, the value of the lease liability was \$15,527.

The future principal and interest lease payments as of June 30, 2020, were as follows:

Fiscal Year Ended	
June 30	Amount
2023	\$ 9,316
2024	6,211
	<u>\$ 15,527</u>

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

**Note 5. Leases (Continued)**

**B. Lessee (Continued)**

2. On December 16, 2021, the Marion County Fiscal Court entered into a five-year lease agreement as lessee for the use of office equipment (copier) at the Marion County Detention Center. An initial lease liability was recorded in the amount of \$7,740 during the current fiscal year. The Marion County Fiscal Court is required to make monthly principal payments of \$129. As of June 30, 2022, the value of the lease liability was \$6,837.

The future principal lease payments as of June 30, 2022, were as follows:

Fiscal Year Ended June 30	Amount
2023	\$ 1,548
2024	1,548
2025	1,548
2026	1,548
2027	645
	<u>\$ 6,837</u>

3. On June 24, 2022, the Marion County Fiscal Court entered into a five-year lease agreement as lessee for the use of office equipment (copier) at the Marion County Detention Center. An initial lease liability was recorded in the amount of \$7,740 during the current fiscal year. The Marion County Fiscal Court is required to make monthly principal payments of \$129. As of June 30, 2022, the value of the lease liability was \$7,611.

The future principal lease payments as of June 30, 2022, were as follows:

Fiscal Year Ended June 30	Amount
2023	\$ 1,548
2024	1,548
2025	1,548
2026	1,548
2027	1,419
	<u>\$ 7,611</u>

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

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Marion County Administration Building**

On December 16, 2003, the Marion County Public Properties Corporation entered into a contract, lease, and option in the amount of \$3,500,000 with Farmers National Bank for the purpose of funding the construction of the Marion County Administration Building. The corporation entered into a supplemental lease agreement with the county whereby the county leases the property until November 1, 2023, for an amount equivalent to the lease payments. The interest rate is variable and is calculated based on the outstanding principal balance. Payments are made quarterly. The date of the final maturity of the obligation is November 1, 2023. In the event of default, the lease agreement may be terminated by the corporation or financial institution and all payments for which the county has become committed shall come due and payable. As of June 30, 2022, the outstanding principal balance was \$373,275. Principal payment requirements for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal
2023	\$ 247,275
2024	126,000
	<u>\$ 373,275</u>

**2. Marion County Administration Building**

On August 20, 2004, the Marion County Public Properties Corporation entered into a contract, lease, and option in the amount of \$1,000,000 with Farmers National Bank for the purpose of funding the construction of the Marion County Administration Building. The corporation entered into a supplemental lease agreement with the county whereby the county leases the property until November 1, 2023, for an amount equivalent to the lease payments. The interest rate is variable and is calculated based on the outstanding principal balance. Payments are made quarterly. The date of the final maturity of the obligation is November 1, 2023. In the event of default, the lease agreement may be terminated by the corporation or financial institution and all payments for which the county has become committed shall come due and payable. As of June 30, 2022, the outstanding principal balance was \$106,760. Principal payment requirements for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal
2023	\$ 70,760
2024	36,000
	<u>\$ 106,760</u>

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

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**3. City of Bradfordsville Fire Truck**

On May 21, 2014, the Marion County Fiscal Court entered into a promissory note in the amount of \$179,975 with Peoples Bank for the purpose of funding the purchase of a fire truck for the City of Bradfordsville's Fire Department at an interest rate of 4.0 percent. Payments are made monthly. The date of the final maturity of the obligation is January 21, 2028. The loan is unsecured. In the event of default, the interest rate on this note shall be increased by 3 percentage points. As of June 30, 2022, the outstanding principal balance was \$84,170. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal	Interest
2023	\$ 12,860	\$ 3,180
2024	13,384	2,655
2025	13,944	2,095
2026	14,521	1,519
2027	15,121	919
2028	14,340	295
	<u>\$ 84,170</u>	<u>\$ 10,663</u>

**4. Central Kentucky Community Action Building**

On May 5, 2008, the Marion County Fiscal Court entered into a contract, lease, and option in the amount of \$495,000 with Kentucky Association of Counties for the purpose of funding the purchase of an office building by Central Kentucky Community Action Council, Inc., at an interest rate of 4.501 percent. Payments are made monthly. The date of the final maturity of the obligation is April 20, 2028. As of June 30, 2022, the outstanding principal balance was \$191,112. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal	Interest
2023	\$ 29,403	\$ 8,166
2024	30,716	6,841
2025	32,087	5,475
2026	33,519	4,036
2027	35,016	2,532
2028	30,371	913
	<u>\$ 191,112</u>	<u>\$ 27,963</u>

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

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**5. Lebanon Fire Truck**

On November 5, 2007, the Marion County Public Properties Corporation entered into a contract, lease, and option in the amount of \$189,000 with Kentucky Association of Counties for the purpose of funding the purchase of a fire truck by the Lebanon Fire Department at an interest rate of 4.338 percent. Payments are made monthly. The date of the final maturity of the obligation is July 20, 2022. As of June 30, 2022, the outstanding principal balance was \$14,000. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal	Interest
2023	\$ 14,000	\$ 72
	<u>\$ 14,000</u>	<u>\$ 72</u>

**B. Other Debt**

**1. First Mortgage Revenue Bonds, Series 2009**

On February 1, 2009, the Marion County Public Properties Corporation issued revenue bonds, series 2009, in the amount of \$11,335,000 for the purpose of retiring the revenue bond anticipation notes, series 2007, and fund the construction of the Marion County Court Building at a variable interest rate. Simultaneously with the issuance of the bonds, the corporation entered into a lease agreement with the Administrative Office of the Courts for rental payments sufficient to pay 100 percent of the debt service cost of the bonds. Payments are made semiannually. The date of the final maturity of the obligation is March 1, 2022. As of June 30, 2022, the outstanding principal balance was \$0.

**2. First Mortgage Revenue Bonds, Series 2015**

On November 5, 2015, the Marion County Public Properties Corporation issued revenue bonds, series 2015, in the amount of \$5,760,000 for the purpose of partially refunding the first mortgage revenue bonds, series 2009. Simultaneously with the issuance of the bonds, the corporation entered into a lease agreement with the Administrative Office of the Courts for rental payments sufficient to pay 100 percent of the debt service cost of the bonds. Payments are made semi-annually. The date of the final maturity of the obligation is March 1, 2029. As of June 30, 2022, the outstanding principal balance was \$5,525,000. Principal payment requirements and scheduled interest for the remaining term of the notes are as follows:

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

**Note 6. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

**2. First Mortgage Revenue Bonds, Series 2015 (Continued)**

Fiscal Year Ended June 30	Principal	Interest
2023	\$ 725,000	\$ 166,750
2024	740,000	145,000
2025	765,000	122,800
2026	790,000	99,850
2027	810,000	76,150
2028-2029	<u>1,695,000</u>	<u>78,650</u>
	<u>\$ 5,525,000</u>	<u>\$ 689,200</u>

**C. Changes In Long-term Debt**

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

	(Restated *) Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements*	\$ 1,134,673	\$	\$ 365,356	\$ 769,317	\$ 374,298
Revenue Bonds	<u>6,220,000</u>		<u>695,000</u>	<u>5,525,000</u>	<u>725,000</u>
Total Long-term Debt	<u>\$ 7,354,673</u>	<u>\$ 0</u>	<u>\$ 1,060,356</u>	<u>\$ 6,294,317</u>	<u>\$ 1,099,298</u>

\*The beginning balance decreased by \$6,135 over prior year because the principal balance fluctuates each year based on when payments are made.

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

**Note 6. Long-term Debt (Continued)**

**D. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 374,298	\$ 11,418	\$ 725,000	\$ 166,750
2024	206,100	9,496	740,000	145,000
2025	46,031	7,570	765,000	122,800
2026	48,040	5,555	790,000	99,850
2027	50,137	3,451	810,000	76,150
2028-2029	44,711	1,208	1,695,000	78,650
Totals	<u>\$ 769,317</u>	<u>\$ 38,698</u>	<u>\$ 5,525,000</u>	<u>\$ 689,200</u>

**Note 7. Employee Retirement System**

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

The county's contribution for FY 2020 was \$1,046,391, FY 2021 was \$998,281, and FY 2022 was \$1,315,871.

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 Ky. Ret. Sys. insurance fund.

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

**Note 7. Employee Retirement System (Continued)**

Nonhazardous (Continued)

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

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

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

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 Ky. Ret. Sys. 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 44.33 percent.

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

**Note 7. Employee Retirement System (Continued)**

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:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
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.

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

**Note 7. 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 Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

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, KPPA will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

Annual Financial Report and Proportionate Share Audit Report

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

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

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

**Note 8. Deferred Compensation**

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

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

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

**Note 9. Health Reimbursement Account/Flexible Spending Account**

The Marion County Fiscal Court established a health reimbursement account on January 1, 2015, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$2,000 each year for a single plan and \$4,000 for all other upgraded plans to pay for qualified medical expenses. The available balance for this plan is \$618,403 as of June 30, 2022.

**Note 10. Insurance**

For the fiscal year ended June 30, 2022, the Marion County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 11. Related Party Transactions**

- A. One of the elected magistrates owns a local landscaping company that provides services to the Marion County Fiscal Court. The Marion County Fiscal Court paid a total of \$773 on products and services from this company during the year.
- B. One of the elected magistrates is employed by a pest control company that provides services to the Marion County Fiscal Court. The Marion County Fiscal Court paid a total of \$3,982 on products and services from this company during the year. The magistrate does not perform the services to the county personally.

**Note 12. Payroll Revolving Account**

The reconciled balance of the payroll revolving account as of June 30, 2022, was added to the general fund cash balance for financial reporting purposes.

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

**Note 13. Conduit Debt**

From time to time the county has issued industrial building revenue bonds to provide financial assistance to third parties that are not part of the issuer's financial reporting entity 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 Marion County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2022, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 14. Tax Abatements**

**A. Maker's Mark Distillery, Inc., 2012**

The ad valorem tax was abated under the authority of KRS 103.285 and Resolution 2012-950.07 adopted by the county in July 2012. Maker's Mark Distillery, Inc., is eligible to receive this tax abatement as a result of its commitment to promote economic development and increase jobs pursuant to a Payment in Lieu of Taxes (PILOT) agreement dated as of July 1, 2012. The taxes are abated by a percentage reduction of the amount of ad valorem taxes levied by the county. The PILOT agreement terminates on the day immediately following the date no bonds are issued by the county pursuant to applicable taxing authorities. Pursuant to KRS 103.230(2), the bonds do not represent an obligation of the county nor constitute a pledge of the full faith, credit, and taxing power of the county.

**B. Maker's Mark Distillery, Inc., 2018**

The ad valorem tax was abated under the authority of KRS 103.285 and adopted by the county in May 2018. Maker's Mark Distillery, Inc., is eligible to receive this tax abatement as a result of its commitment to promote economic development and increase jobs pursuant to a Payment in Lieu of Taxes (PILOT) agreement dated as of June 1, 2018. The taxes are abated by a percentage reduction of the amount of ad valorem taxes levied by the county. The PILOT agreement terminates on the day immediately following the date no bonds issued by the county pursuant to applicable taxing authorities. Pursuant to KRS 103.230(2), the bonds do not represent an obligation of the county nor constitute a pledge of the full faith, credit, and taxing power of the county.

For fiscal year ended June 30, 2022, the county abated ad valorem taxes of \$369,840. As part of the PILOT agreement, the county committed to abate only the ad valorem tax. No other county tax is abated.

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

**Note 15. Prior Period Adjustments**

	General Fund	Jail Fund	Public Properties Corporation Fund
Fund Balance - Beginning	\$ 4,706,986	\$ 81,725	\$ 42,035
Prior Year Outstanding Checks Voided	3,275	2,758	
Omission of Prior Year Disbursement			(2,198)
	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance - Beginning (Restated)	<u>\$ 4,710,261</u>	<u>\$ 84,483</u>	<u>\$ 39,837</u>

**MARION COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

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

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**MARION COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 5,211,000	\$ 5,211,000	\$ 6,134,515	\$ 923,515
Excess Fees			169,547	169,547
Licenses and Permits	3,000	3,000	2,633	(367)
Intergovernmental	385,800	385,800	411,396	25,596
Charges for Services	2,145,000	2,145,000	2,382,571	237,571
Miscellaneous	250,500	250,500	642,621	392,121
Interest	3,000	3,000	7,484	4,484
Total Receipts	7,998,300	7,998,300	9,750,767	1,752,467
<b>DISBURSEMENTS</b>				
General Government	1,882,300	2,102,400	1,800,177	302,223
Protection to Persons and Property	513,600	549,100	410,453	138,647
General Health and Sanitation	2,105,600	2,237,100	1,921,694	315,406
Social Services	283,000	499,000	406,808	92,192
Recreation and Culture	40,000	40,000	25,000	15,000
Transportation Facilities and Services	20,000	20,000	2,475	17,525
Debt Service	407,000	407,500	395,158	12,342
Capital Projects	179,000	179,000	112,500	66,500
Administration	3,140,500	2,536,900	2,116,833	420,067
Total Disbursements	8,571,000	8,571,000	7,191,098	1,379,902
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(572,700)	(572,700)	2,559,669	3,132,369
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			731,532	731,532
Transfers To Other Funds	(2,827,300)	(2,827,300)	(2,205,000)	622,300
Total Other Adjustments to Cash (Uses)	(2,827,300)	(2,827,300)	(1,473,468)	1,353,832
Net Change in Fund Balance	(3,400,000)	(3,400,000)	1,086,201	4,486,201
Fund Balance - Beginning (Restated)	3,400,000	3,400,000	4,367,796	967,796
Fund Balance - Ending	\$ 0	\$ 0	\$ 5,453,997	\$ 5,453,997

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,524,000	\$ 1,606,800	\$ 1,590,480	\$ (16,320)
Miscellaneous	8,800	98,800	107,317	8,517
Interest	200	200	99	(101)
Total Receipts	1,533,000	1,705,800	1,697,896	(7,904)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,000	1,500	1,337	163
Roads	2,037,000	2,186,800	2,092,626	94,174
Administration	241,000	263,500	248,531	14,969
Total Disbursements	2,279,000	2,451,800	2,342,494	109,306
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(746,000)	(746,000)	(644,598)	101,402
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	596,000	596,000	659,856	63,856
Total Other Adjustments to Cash (Uses)	596,000	596,000	659,856	63,856
Net Change in Fund Balance	(150,000)	(150,000)	15,258	165,258
Fund Balance - Beginning	150,000	150,000	97,992	(52,008)
Fund Balance - Ending	\$ 0	\$ 0	\$ 113,250	\$ 113,250

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

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 3,830,000	\$ 3,830,000	\$ 3,740,434	\$ (89,566)
Charges for Services	3,500	3,500	1,052	(2,448)
Miscellaneous	177,000	177,000	217,277	40,277
Interest	200	200	292	92
Total Receipts	4,010,700	4,010,700	3,959,055	(51,645)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	3,849,100	3,910,600	3,738,730	171,870
Debt Service	1,000	1,000	126	874
Administration	1,645,900	1,584,400	1,366,026	218,374
Total Disbursements	5,496,000	5,496,000	5,104,882	391,118
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,485,300)	(1,485,300)	(1,145,827)	339,473
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,425,300	1,425,300	1,276,341	(148,959)
Total Other Adjustments to Cash (Uses)	1,425,300	1,425,300	1,276,341	(148,959)
Net Change in Fund Balance	(60,000)	(60,000)	130,514	190,514
Fund Balance - Beginning (Restated)	60,000	60,000	84,483	24,483
Fund Balance - Ending	\$ 0	\$ 0	\$ 214,997	\$ 214,997

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 94,041	\$ 44,041
Interest	100	100	134	34
Total Receipts	50,100	50,100	94,175	44,075
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	13,000	13,000		13,000
Administration	122,000	122,000		122,000
Total Disbursements	135,000	135,000		135,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(84,900)	(84,900)	94,175	179,075
Net Change in Fund Balance	(84,900)	(84,900)	94,175	179,075
Fund Balance - Beginning	84,900	84,900	81,912	(2,988)
Fund Balance - Ending	\$ 0	\$ 0	\$ 176,087	\$ 176,087

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

<b>EMERGENCY MEDICAL SERVICES FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	650,000	754,800	855,558	100,758
Miscellaneous	3,000	103,200	13,982	(89,218)
Interest			6	6
Total Receipts	663,000	868,000	879,546	11,546
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,065,000	1,237,000	1,227,173	9,827
Administration	454,000	487,000	483,469	3,531
Total Disbursements	1,519,000	1,724,000	1,710,642	13,358
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(856,000)	(856,000)	(831,096)	24,904
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	806,000	806,000	695,204	(110,796)
Total Other Adjustments to Cash (Uses)	806,000	806,000	695,204	(110,796)
Net Change in Fund Balance	(50,000)	(50,000)	(135,892)	(85,892)
Fund Balance - Beginning	50,000	50,000	218,503	168,503
Fund Balance - Ending	\$ 0	\$ 0	\$ 82,611	\$ 82,611

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

<b>NATIONAL SCENIC BY-WAY FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 84,000	\$ 84,000	\$ 1	\$ (83,999)
Total Receipts	84,000	84,000	1	(83,999)
<b>DISBURSEMENTS</b>				
Recreation and Culture	100,000	100,000		100,000
Total Disbursements	100,000	100,000		100,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(16,000)	(16,000)	1	16,001
Net Change in Fund Balance	(16,000)	(16,000)	1	16,001
Fund Balance - Beginning	16,000	16,000	16,035	35
Fund Balance - Ending	\$ 0	\$ 0	\$ 16,036	\$ 16,036

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

<b>AMERICAN RESCUE PLAN ACT FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,871,000	\$ 1,871,000	\$ 1,871,777	\$ 777
Interest			2,694	2,694
Total Receipts	1,871,000	1,871,000	1,874,471	3,471
<b>DISBURSEMENTS</b>				
Administration	3,742,000	3,742,000	176,341	3,565,659
Total Disbursements	3,742,000	3,742,000	176,341	3,565,659
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,871,000)	(1,871,000)	1,698,130	3,569,130
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(1,157,933)	(1,157,933)
Total Other Adjustments to Cash (Uses)			(1,157,933)	(1,157,933)
Net Change in Fund Balance	(1,871,000)	(1,871,000)	540,197	2,411,197
Fund Balance - Beginning	1,871,000	1,871,000	1,871,938	938
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,412,135	\$ 2,412,135

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

**June 30, 2022**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Reconciliation of the General Fund**

The Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis differs from the Budgetary Comparison Schedule for the general fund due to the addition of the unexplained balance in the payroll account:

Other Adjustments to Cash (Uses)-Budgetary Basis	\$ (1,473,468)
To adjust for Change in Payroll Account	<u>(89,865)</u>
Total Intergovernmental-Regulatory Basis	<u>\$ (1,563,333)</u>
Beginning Balance-Budgetary Basis (Restated)	\$ 4,367,796
To adjust for Payroll Account Balance	<u>342,464</u>
Total Beginning Balance-Regulatory Basis (Restated)	<u>\$ 4,710,260</u>
Ending Balance-Budgetary Basis	\$ 5,453,997
To adjust for Payroll Account Balance	<u>252,599</u>
Total Ending Balance-Regulatory Basis	<u>\$ 5,706,596</u>

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

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

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

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

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 428,500	\$	\$	\$ 428,500
Buildings	28,814,883			28,814,883
Building Improvements	62,728			62,728
Equipment	4,356,017	199,499		4,555,516
Vehicles	3,812,932	154,751	124,996	3,842,687
Infrastructure	17,556,787	1,103,356		18,660,143
 Total Capital Assets	 <u>\$ 55,031,847</u>	 <u>\$ 1,457,606</u>	 <u>\$ 124,996</u>	 <u>\$ 56,364,457</u>

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

**June 30, 2022**

**Note 1. Capital Assets**

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	All	10 to 60
Buildings and Building Improvements	\$ 10,000	10 to 75
Equipment	\$ 1,000	3 to 25
Vehicles	\$ 5,000	3 to 25
Infrastructure	\$ 20,000	12 to 25

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

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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

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

**Independent Auditor's Report**

The Honorable David R. Daugherty, Marion County Judge/Executive  
Members of the Marion County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Marion County Fiscal Court for the fiscal year ended June 30, 2022, and the related notes to the financial statement which collectively comprise the Marion County Fiscal Court's financial statement and have issued our report thereon dated December 15, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Marion County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Marion County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marion County Fiscal Court's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 to be material weaknesses.



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

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Marion County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Views of Responsible Officials and Planned Corrective Action**

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

**Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

December 15, 2022

**MARION COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

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**MARION COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

INTERNAL CONTROL - MATERIAL WEAKNESSES:

**2022-001    The Marion County Jail Commissary Does Not Have Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations**

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The Marion County Jail Commissary does not have adequate segregation over all jail commissary accounting functions. The jail has two bookkeepers with one solely taking care of the inmate account and bond account. She prepares deposits, post to the receipts and disbursements ledger, issues receipts, and prepares bank reconciliations. The other bookkeeper is the jail business manager and is in charge of the jail canteen account. The jail business manager posts to the receipts and disbursements ledger, prepares bank reconciliations, writes checks, signs checks, and prepares deposits. Checks only have one signature.

According to the jailer's bookkeeper, this condition is a result of a limited budget, which restricts the number of employees the jailer can hire or delegate duties between. The lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to the fiscal court.

A proper segregation of duties over the accounting functions or implementing compensating controls, when necessary because of a limited number of staff, is essential for providing protection from undetected errors occurring. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the jailer segregate the duties of preparing deposits, recording receipts, preparing the bank reconciliations, and signing checks. If segregation of duties is not feasible due to lack of staff, we recommend the jailer implement and document compensating controls to offset this control deficiency.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: See Jailer's response.*

*Jailer's Response: Inmate Account: This account will be reviewed monthly by the business manager. The second canteen clerk is in the process of also learning to reconcile this Account.*

*Bond Account: A second signature is being added to this account; this person will also review the reports attached to this check.*

*Jail Canteen Account: A copy of this bank statement, disbursement ledger will be sent to the county treasurer monthly. A second signature has been added to these checks.*

**2022-002    The Marion County Jail Inmate Fund And Bond Fund Bank Reconciliations Were Not Prepared Timely or Accurately**

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This is a repeat finding and was included in the prior year audit report as findings 2021-001 and 2021-002. Bank reconciliations were not performed for the jail inmate and bond fund accounts for 11 months (July 2021 through May 2022) out of the fiscal year, until between May 2022 and July 2022. Bank reconciliations did not include all outstanding checks and deposits in transit. In addition, the bond fund account is a clearing account and requires reimbursement for any additional charge or service fee and should reconcile to \$0. The balance as of June 30, 2022, was \$133 after accounting for all liabilities.

**MARION COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2022-002 The Marion County Jail Inmate Fund And Bond Fund Bank Reconciliations Were Not Prepared  
Timely or Accurately (Continued)

---

The inmate account is used for all inmate moneys received and disbursed as refunds or transfers to the commissary account for commissary purchases by the inmates and jail fees collected from the inmates for payment to the county treasurer. No other receipts should be deposited into this account and no other disbursements should be made from it. As of June 30, 2022, the inmate account balance had a reconciled balance of \$253,567. Based on inmate account reports, inmate balances totaled \$131,758 as of June 30, 2022, and liabilities due fiscal court totaled \$275, leaving \$121,534 of monies in the inmate account unaccounted for.

The official did not have controls in place to ensure that staff was performing bank reconciliations timely and accurately. When bank reconciliations are not performed timely, bank accounts could be overdrawn. If there is an error or omission in the records that affected the balance in the checking account, the entity might issue checks when the bank's records properly indicate there are not sufficient funds in the checking account. Good internal controls dictate that bank accounts be reconciled on a timely basis in order to detect and correct errors, including bank errors.

We recommend the jail personnel perform bank reconciliations timely and accurately after the bank statement is received. Bank reconciliations should include all outstanding checks and deposits in transit to show an accurate account balance. We also recommend the jailer follow-up on the unexplained balance in the inmate account.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: See Jailer's response.*

*Jailer's Response: The inmate account has been moved to a different program; reconciliations are now being performed in a timely manner. They are signed off by business manager and jailer, then sent to county treasurer monthly.*

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

**MARION COUNTY FISCAL COURT**

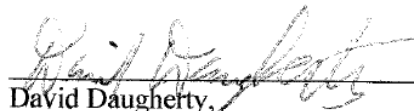
**For The Year Ended June 30, 2022**


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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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

  
\_\_\_\_\_  
David Daugherty,  
County Judge/Executive

  
\_\_\_\_\_  
Kevin Cochran,  
County Treasurer