

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

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



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Kevin Spraggs, Marshall County Judge/Executive
The Honorable Kevin Neal, Former Marshall County Judge/Executive
Members of the Marshall 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 Marshall County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Marshall County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Marshall County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

The Honorable Kevin Neal, Former Marshall County Judge/Executive

Members of the Marshall 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 Marshall 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

Marshall 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 Marshall County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marshall 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 Kevin Spraggs, Marshall County Judge/Executive
The Honorable Kevin Neal, Former Marshall County Judge/Executive
Members of the Marshall 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 Marshall County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Other Information

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

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

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The Honorable Kevin Neal, Former Marshall County Judge/Executive

Members of the Marshall County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2024, on our consideration of the Marshall 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 Marshall County Fiscal Court's internal control over financial reporting and compliance.

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

- 2023-001 The Marshall County Fiscal Court Lacks Adequate Controls Over Disbursements
- 2023-002 The Marshall County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases
- 2023-003 The Marshall County Fiscal Court Lacks Adequate Internal Controls Over The Preparation Of The Schedule Of Expenditures Of Federal Awards
- 2023-004 The Marshall County Fiscal Court's Fourth Quarter Financial Statement Was Misstated Due To Inadequate Internal Controls Over Financial Reporting
- 2023-005 The Marshall County Fiscal Court Failed To Implement Adequate Controls Over Federal Expenditures

Respectfully submitted,



Allison Ball

Auditor of Public Accounts

Frankfort, Ky

July 24, 2024

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

| | |
|---------------|--|
| Kevin Spraggs | County Judge/Executive (1/1/23-6/30/23) |
| Kevin Neal | Former County Judge/Executive (7/1/2022-12/31/2022) |
| Monti Collins | Commissioner (7/1/22-6/30/23) |
| Eddie McGuire | Commissioner (1/1/23-6/30/23) |
| Marty Barrett | Commissioner (1/1/23-6/30/23) |
| Justin Lamb | Former Commissioner (7/1/22-12/31/22) |
| Kevin Spraggs | Former Commissioner (7/1/22-12/31/22) |

Other Elected Officials:

| | |
|------------------|----------------------------------|
| Jason Darnall | County Attorney |
| Roger Ford | Jailer |
| Crissy Greer | County Clerk |
| Tiffany Griffith | Circuit Court Clerk |
| Matt Hilbrecht | Sheriff |
| Tony Henson | Property Valuation Administrator |
| Kenny Pratt | Coroner |

Appointed Personnel:

| | |
|--------------------|---|
| Erica West | County Treasurer |
| Desiree Hermosillo | Assistant Treasurer, Finance Officer, Occupational Tax Administrator |
| Roy Wadkins | Road Department Manager |
| Sheila Day | Interim 911 Administrator |
| Darla Dillon | Jail Administrative Assistant |
| Andrew Pagel | Deputy Judge/Executive |

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

| | <u>Budgeted Funds</u> | | | |
|--|-------------------------|----------------------|----------------------|-----------------------|
| | <u>General Fund</u> | <u>Road Fund</u> | <u>Jail Fund</u> | <u>Grant Fund</u> |
| RECEIPTS | | | | |
| Taxes | \$ 3,038,437 | \$ 171,018 | \$ | \$ |
| In Lieu Tax Payments | 795,675 | | | |
| Excess Fees | 76,106 | | | |
| Licenses and Permits | 81,659 | | | |
| Intergovernmental | 7,455,713 | 1,881,363 | 1,592,312 | 285,241 |
| Charges for Services | 18,000 | 1,350 | 5,500 | |
| Miscellaneous | 443,828 | 65,425 | 61,163 | |
| Interest | 244,254 | 52,527 | 26,905 | 3,566 |
| Total Receipts | <u>12,153,672</u> | <u>2,171,683</u> | <u>1,685,880</u> | <u>288,807</u> |
| DISBURSEMENTS | | | | |
| General Government | 4,962,182 | | | |
| Federal Asset Forfeiture Purchases | | | | |
| Protection to Persons and Property | 553,266 | | 2,380,409 | |
| General Health and Sanitation | 398,508 | | | |
| Social Services | 6,725 | | | |
| Recreation and Culture | 929,307 | | | |
| Roads | | 3,098,990 | | |
| Debt Service | 10,116,932 | | | |
| Capital Projects | | | | |
| Administration | 811,085 | 3,245 | | |
| Total Disbursements | <u>17,778,005</u> | <u>3,102,235</u> | <u>2,380,409</u> | |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(5,624,333)</u> | <u>(930,552)</u> | <u>(694,529)</u> | <u>288,807</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Direct Borrowings | | | | |
| Change in Payroll Revolving Account | 54,223 | | | |
| Transfers From Other Funds | 3,179,496 | 1,520,862 | 953,145 | |
| Transfers To Other Funds | | (5,300) | | (298,627) |
| Total Other Adjustments to Cash (Uses) | <u>3,233,719</u> | <u>1,515,562</u> | <u>953,145</u> | <u>(298,627)</u> |
| Net Change in Fund Balance | (2,390,614) | 585,010 | 258,616 | (9,820) |
| Fund Balance - Beginning (Restated) | <u>8,021,400</u> | <u>776,839</u> | <u>545,081</u> | <u>9,820</u> |
| Fund Balance - Ending | <u>\$ 5,630,786</u> | <u>\$ 1,361,849</u> | <u>\$ 803,697</u> | <u>\$ 0</u> |
| Composition of Fund Balance | | | | |
| Bank Balance | \$ 5,482,012 | \$ 1,369,226 | \$ 828,755 | \$ |
| Payroll Revolving Account | 188,542 | | | |
| Plus: Deposits In Transit | 48,241 | 6,521 | 3,487 | |
| Less: Outstanding Checks | <u>(88,009)</u> | <u>(13,898)</u> | <u>(28,545)</u> | |
| Fund Balance - Ending | <u>\$ 5,630,786</u> | <u>\$ 1,361,849</u> | <u>\$ 803,697</u> | <u>\$ 0</u> |

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

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

| Budgeted Funds | | | | | | |
|--|----------------------|--|---|-------------------------|--|--|
| Tornado Debris Removal Fund | E911 Fund | Occupational Tax Administrator Fund | Animal Shelter Donation Fund | Sheriff Fund | Federal Asset Forfeiture Fund | Alcohol Beverage Control Fund |
| \$ | \$ 46,735 | \$ 7,470,895 | \$ | \$ | \$ | \$ 356,513 |
| | 257,489 | | | 2,461,076 | | 18,600 |
| | 1,800 | | 18,963 | 9,806 | | |
| | 12,050 | 107,916 | | | 1,136 | 7,386 |
| | 318,074 | 7,578,811 | 18,963 | 2,470,882 | 1,136 | 382,499 |
| | | 81,888 | | 4,356,042 | | 12,612 |
| 3,052,609 | 948,418 | | | | 3,697 | |
| | | | 18,240 | | | |
| 3,052,609 | 948,418 | 81,888 | 18,240 | 4,356,042 | 3,697 | 12,612 |
| (3,052,609) | (630,344) | 7,496,923 | 723 | (1,885,160) | (2,561) | 369,887 |
| 3,052,609 | | | | | | |
| | 910,510 | | | 1,775,832 | 83,118 | |
| | | (7,553,246) | | | | (405,600) |
| 3,052,609 | 910,510 | (7,553,246) | | 1,775,832 | 83,118 | (405,600) |
| | 280,166 | (56,323) | 723 | (109,328) | 80,557 | (35,713) |
| | 142,710 | 2,589,562 | 31,640 | 222,910 | 8,384 | 198,908 |
| \$ 0 | \$ 422,876 | \$ 2,533,239 | \$ 32,363 | \$ 113,582 | \$ 88,941 | \$ 163,195 |
| \$ | \$ 460,812 | \$ 2,521,239 | \$ 37,024 | \$ 147,550 | \$ 92,216 | \$ 162,491 |
| | 1,862 | 14,918 | | | 422 | 754 |
| | (39,798) | (2,918) | (4,661) | (33,968) | (3,697) | (50) |
| \$ 0 | \$ 422,876 | \$ 2,533,239 | \$ 32,363 | \$ 113,582 | \$ 88,941 | \$ 163,195 |

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

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

| | Budgeted Funds | | | |
|--|---|--|-----------------------------------|---|
| | Building Inspection Fund | American Rescue Plan Act Fund | Clerk Storage Fund | Public Properties Corporation Justice Center Capital Projects Fund |
| RECEIPTS | | | | |
| Taxes | \$ | \$ | \$ | \$ |
| In Lieu Tax Payments | | | | |
| Excess Fees | | | | |
| Licenses and Permits | 179,527 | | | |
| Intergovernmental | | 3,230,595 | | |
| Charges for Services | | | | |
| Miscellaneous | | 126 | 53,040 | |
| Interest | 4,957 | 218,154 | 1,258 | 1 |
| Total Receipts | <u>184,484</u> | <u>3,448,875</u> | <u>54,298</u> | <u>1</u> |
| DISBURSEMENTS | | | | |
| General Government | | | | |
| Federal Asset Forfeiture Purchases | | | | |
| Protection to Persons and Property | 220,005 | | | |
| General Health and Sanitation | | | | |
| Social Services | | | | |
| Recreation and Culture | | | | |
| Roads | | | | |
| Debt Service | | | | |
| Capital Projects | | 1,024,067 | | |
| Administration | | | | |
| Total Disbursements | <u>220,005</u> | <u>1,024,067</u> | | |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(35,521)</u> | <u>2,424,808</u> | <u>54,298</u> | <u>1</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Direct Borrowings | | | | |
| Payroll Revolving Account | | | | |
| Transfers From Other Funds | | | | |
| Transfers To Other Funds | | (160,190) | | |
| Total Other Adjustments to Cash (Uses) | | <u>(160,190)</u> | | |
| Net Change in Fund Balance | (35,521) | 2,264,618 | 54,298 | 1 |
| Fund Balance - Beginning (Restated) | 93,669 | 3,017,922 | | 8 |
| Fund Balance - Ending | <u>\$ 58,148</u> | <u>\$ 5,282,540</u> | <u>\$ 54,298</u> | <u>\$ 9</u> |
| Composition of Fund Balance | | | | |
| Bank Balance | \$ 73,455 | \$ 5,257,770 | \$ 54,052 | \$ 9 |
| Payroll Revolving Account | | | | |
| Plus: Deposits In Transit | 571 | 24,770 | 246 | |
| Less: Outstanding Checks | (15,878) | | | |
| Fund Balance - Ending | <u>\$ 58,148</u> | <u>\$ 5,282,540</u> | <u>\$ 54,298</u> | <u>\$ 9</u> |

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

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

| <u>Unbudgeted Funds</u> | | | |
|--|--|-------------------------------------|------------------------|
| CDBG Federal Grant Fund | Transient Room Tax Fund | Jail Commissary Fund | Total Funds |
| \$ | \$ 362,056 | \$ | \$ 11,445,654 |
| | | | 795,675 |
| | | | 76,106 |
| | | | 279,786 |
| | | | 17,163,789 |
| | | | 24,850 |
| 275,341 | | 81,140 | 1,010,632 |
| 181 | | 304 | 680,595 |
| <u>275,522</u> | <u>362,056</u> | <u>81,444</u> | <u>31,477,087</u> |
| | | | 9,412,724 |
| | | | 3,697 |
| | | | 7,154,707 |
| | | | 416,748 |
| | | | 6,725 |
| | 328,086 | 107,133 | 1,364,526 |
| | | | 3,098,990 |
| | | | 10,116,932 |
| | | | 1,024,067 |
| | | | 814,330 |
| | <u>328,086</u> | <u>107,133</u> | <u>33,413,446</u> |
| <u>275,522</u> | <u>33,970</u> | <u>(25,689)</u> | <u>(1,936,359)</u> |
| | | | 3,052,609 |
| | | | 54,223 |
| | | | 8,422,963 |
| | | | <u>(8,422,963)</u> |
| | | | 3,106,832 |
| 275,522 | 33,970 | (25,689) | 1,170,473 |
| | 7,441 | 255,316 | 15,921,610 |
| <u>\$ 275,522</u> | <u>\$ 41,411</u> | <u>\$ 229,627</u> | <u>\$ 17,092,083</u> |
| \$ 275,493 | \$ 41,411 | \$ 229,927 | \$ 17,033,442 |
| | | | 188,542 |
| 29 | | (300) | 101,521 |
| | | | <u>(231,422)</u> |
| <u>\$ 275,522</u> | <u>\$ 41,411</u> | <u>\$ 229,627</u> | <u>\$ 17,092,083</u> |

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

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TO THE FINANCIAL STATEMENT**

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**MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The Marshall County Refuse Disposal District and The Marshall County Sanitation District would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they no longer are required components of the reporting entity. Audits of the following entities can be obtained from the Marshall County Fiscal Court: 1101 Main Street, Benton, Kentucky 42025.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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.

Grant Fund - The primary purpose of this fund is to account for federal grants and related disbursements. The primary source of receipts for this fund are grants from the state and federal governments.

Tornado Debris Removal Fund - The primary purpose of this fund is to account for federal grants and related disbursements. The primary source of receipts for this fund are grants from the state and federal governments.

Emergency 911 Fund - The primary purpose of this fund is to account for tornado debris removal and related disbursements. The primary source of receipts for this fund are grants from the state and federal governments.

Occupational Tax Administrator Fund - The primary purpose of this fund is to account for occupational tax receipts. Occupational tax receipts are recorded in this fund and then transferred to other operating funds as needed.

Animal Shelter Donation Fund - The primary purpose of this fund is to account for animal shelter receipts. Animal shelter receipts are recorded in this fund and then expended for the operation of the animal shelter.

Sheriff Fund - The primary purpose of this fund is to account for sheriff's office receipts. Sheriff office receipts are recorded in this fund and then expended for the operation of the sheriff's office.

Federal Asset Forfeiture Fund – The primary purpose of this fund is to account for federal asset forfeiture funds received from the U.S. Department of Justice. The primary source of receipts for this fund are federal forfeitures awarded to the county to be used for law enforcement purposes.

Alcohol Beverage Control Fund - The fund is used to account for receipts and disbursements associated with liquor licensing. The primary source of receipts for this fund is taxes and licenses.

Building Inspection Fund - The fund is used to account for receipts and disbursements associated with building inspection licenses. The primary source of receipts for this fund is fees collected for building inspection licenses.

American Rescue Plan Act Fund - The primary purpose of this fund to account for American Rescue Plan Act receipts and expenditures.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Clerk Storage Fund - The primary purpose of this fund is to account for the funds from the county clerk's permanent storage fees. The fees collected by the county clerk are the primary receipts and are used for expenditures related to storage and access of records.

Public Properties Corporation Justice Center Capital Projects Fund - The primary purpose of this fund is to account for the remaining funds from the public property bond redemption fund. The primary source of receipts for this fund are from bonds that were issued.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

CDBG Federal Grant Fund - The primary purpose of this fund is to account for Community Development Block Grant funds. The primary source of receipts for this fund are grants from the state and federal government.

Transient Room Tax Fund - The primary purpose of this fund is to account for the transient room taxes collected and distributed to the Marshall County Tourism Board. The primary source of receipts for this fund are taxes collected for short term rentals. The fiscal court should budget and report this activity as a fund.

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

D. Budgetary Information

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Marshall County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Related Obligations and Joint Ventures

Related organizations are associated or affiliated with, have control over, or are controlled by, each other. However, a related organization can be an entity for which a primary government is not financially accountable, but the primary government is still accountable because it appoints a voting majority of the board. The Marshall County Fiscal Court collects transient room tax on behalf of the Marshall County Tourism Commission, dba Kentucky Lake Convention & Visitors Bureau and remits the collected tax to the Marshall County Tourism Commission.

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

Note 2. Deposits

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

Custodial Credit Risk - Deposits

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

Note 3. Transfers

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

| | Road Fund | Grant Fund | Occupational Tax Administrator Fund | Alcohol Beverage Control Fund | American Rescue Plan Act Fund | Total Transfers In |
|-------------------------------|-----------------|-------------------|--|--|-------------------------------------|-----------------------|
| General Fund | \$ 5,300 | \$ 289,027 | \$ 2,515,434 | \$ 300,000 | \$ 69,735 | \$ 3,179,496 |
| Road Fund | | | 1,520,862 | | | 1,520,862 |
| Jail Fund | | | 953,145 | | | 953,145 |
| E-911 Fund | | | 910,510 | | | 910,510 |
| Sheriff Fund | | 9,600 | 1,653,295 | 105,600 | 7,337 | 1,775,832 |
| Federal Asset Forfeiture Fund | | | | | 83,118 | 83,118 |
| Total Transfers Out | <u>\$ 5,300</u> | <u>\$ 298,627</u> | <u>\$ 7,553,246</u> | <u>\$ 405,600</u> | <u>\$ 160,190</u> | <u>\$ 8,422,963</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 fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2023 was \$38,733.

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

Note 5. Leases

A. Lessor

1. West Kentucky Allied Services - Courthouse Suite

On June 21, 2022, the Marshall County Fiscal Court entered into a lease agreement with West Kentucky Allied Services for an office suite at the county courthouse. The term of the lease was for a period of one year, beginning July 1, 2022 and terminating on June 30, 2023. The lease did not include a monthly or annual fee for the occupancy of the suite, but rather an agreement that the tenant would continue to act in furtherance of its public purposes as proposed to the county in its grant application.

2. West Kentucky Allied Services – Senior Citizens Building

On January 18, 2022, the Marshall County Fiscal Court entered into a lease agreement with West Kentucky Allied Services (WKAS) for the temporary use of the county's senior citizens building due to the displacement of the WKAS from the recent tornado. The term of the lease was for a period of one year, beginning January 1, 2022 and ending on December 31, 2022, with the option to terminate at any time. WKAS agreed to pay rent to the county at a rate of \$1,000 per month. During fiscal year 2023, WKAS paid \$1,000 to the county and the lease was terminated after July 2022.

3. West Kentucky Educational Cooperative – Real Estate

On June 27, 2022, the Marshall County Fiscal Court entered into a lease agreement with the West Kentucky Educational Cooperative for two tracts of land located in Calvert City, Kentucky. The term of the lease was from July 1, 2022 and terminating on June 30, 2023. The lease did not include a monthly or annual fee for the use of the real estate, but rather an agreement that the cooperative would continue to act in furtherance of its public purposes as proposed to the county in its grant application.

4. Marshall County Rescue Squad – Real Estate

On June 18, 2022, the Marshall County Fiscal Court entered into a lease agreement with the Marshall County Rescue Squad for a tract of land located in Benton, Kentucky. The term of the lease was for a period of one year, beginning July 1, 2022 and terminating on June 30, 2023. The lease did not include a monthly or annual fee for the use of the real estate, but rather an agreement that the rescue squad would continue to act in furtherance of its public purposes as proposed to the county.

5. Court Appointed Special Advocates – Courthouse Suite

On June 21, 2022, the Marshall County Fiscal Court entered into a lease agreement with the Court Appointed Special Advocates (CASA) for an office suite at the county courthouse. The term of the lease was for a period of one year, beginning July 1, 2022 and terminating on June 30, 2023. The lease did not include a monthly or annual fee for the use of the office suite, but rather an agreement that the cooperative would continue to act in furtherance of its public purposes as proposed to the county in its grant application.

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

Note 5. Leases (Continued)

A. Lessor (Continued)

6. Marshall County Sanitation – Courthouse Suite

On February 7, 2023, the Marshall County Fiscal Court entered into a lease agreement with the Marshall County Sanitation (Sanitation) for an office suite at the county courthouse. Both parties acknowledged that the lease was already in existence and would terminate on June 30, 2023. The lease did not include a monthly or annual fee for the use of the office suite, but rather an agreement that Sanitation would continue to act in furtherance of its public purposes as proposed to the county.

7. Disabled American Veterans Chapter 118 – Courthouse Suite

On June 21, 2022, the Marshall County Fiscal Court entered into a lease agreement with the Disabled American Veterans Chapter 118 (Chapter) for an office suite at the county courthouse. The term of the lease was for a period of one year, beginning July 1, 2022 and terminating on June 30, 2023. The lease did not include a monthly or annual fee for the use of the office suite, but rather an agreement that the Chapter would continue to act in furtherance of its public purposes as proposed to the county in its grant application.

B. Lessee

1. Radio Tower

On August 13, 2020, the Marshall County Fiscal Court entered into a one-year lease agreement with the South Marshall Fire Department for space to install radio transmitting equipment on the fire department's radio tower. The lease automatically renews for another one-year period unless either party provides written notice of the intent to terminate the lease within 30 days of the expiration. An initial lease liability was recorded in the amount of \$3,000 during the then current fiscal year. That liability has since been paid in full, and the lease has been renewed. Marshall County Fiscal Court currently pays \$250 per month for the lease. For fiscal year end June 30, 2023, the county paid a total of \$3,000.

2. Emergency Weather Siren

On March 15, 2022, the Marshall County Fiscal Court entered into a one-year lease agreement with the Cambridge Shores Homeowners Association for a portion of real property in order to install and maintain an emergency weather siren. The lease automatically renews for another one-year period unless either party provides written notice of the intent to terminate the lease within thirty days of the expiration. The lease does not include a monthly or annual fee for the use of the real estate, but rather an agreement that the county will install and maintain an emergency weather siren capable of warning community members of pending or imminent dangers.

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

Note 5. Leases (Continued)

B. Lessee

3. Postage Machines

On August 13, 2021, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a postage station. An initial lease liability was recorded in the amount of \$1,316 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$856. The Marshall County Fiscal Court is required to make quarterly payments of \$66. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|---------------|
| <u>June 30</u> | |
| 2024 | \$ 263 |
| 2025 | 264 |
| 2026 | 263 |
| 2027 | 66 |
| | <u>\$ 856</u> |

4. Postage Machines

On August 16, 2017, the Marshall County Sheriff's Office entered into a five-year lease agreement as lessee for the use of a postage station. An initial lease liability was recorded in the amount of \$3,635 during the then current fiscal year. The Marshall County Fiscal Court was required to make quarterly payments of \$182. As of June 30, 2023, the value of the lease liability was \$0, however, the county continued to make payments for the use of the machines.

5. Storage Container

In November 2017, the Marshall County Sheriff's Office entered into a lease with Lane's Mobile John Inc., for the use of a storage container. The lease agreement was for a minimum of two months, with the option to continue on a month-by-month basis at a rate of \$125 per month. For the fiscal year end June 30, 2023, the Marshall County Fiscal Court paid a total of \$1,375.

6. Coroner Building

On February 6, 2023, the Marshall County Fiscal Court entered into a lease agreement with the property owners of a building located in Benton to be used for the operations of the Marshall County Coroner's Office. The term of the lease was for two years at a rate of \$700 per month. The county has the right to extend the term of the lease for two one-year terms at an amount agreed upon by both parties. An initial lease liability was recorded in the amount of \$16,800 during the current fiscal year. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|------------------|
| <u>June 30</u> | |
| 2024 | \$ 8,400 |
| 2025 | 5,600 |
| | <u>\$ 14,000</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

7. 2019 Ford F-150

On July 23, 2019, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2019 Ford F-150. An initial lease liability was recorded in the amount of \$25,380 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$5,373. The Marshall County Fiscal Court is required to make monthly payments of \$423. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|-----------------|
| <u>June 30</u> | |
| 2024 | \$ 5,073 |
| 2025 | 300 |
| | <u>\$ 5,373</u> |

8. 2019 Dodge Charger

On August 30, 2019, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$22,956 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$924. The Marshall County Fiscal Court is required to make monthly payments of \$478. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|---------------|
| <u>June 30</u> | |
| 2024 | \$ 924 |
| | <u>\$ 924</u> |

9. 2019 Dodge Charger

On September 27, 2019, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$22,680 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$1,351. The Marshall County Fiscal Court is required to make monthly payments of \$472. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|-----------------|
| <u>June 30</u> | |
| 2024 | \$ 1,351 |
| | <u>\$ 1,351</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

10. 2019 Dodge Charger

On October 16, 2019, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$22,771 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$1,638. The Marshall County Fiscal Court is required to make monthly payments of \$471. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|-----------------|
| 2024 | \$ 1,638 |
| | <u>\$ 1,638</u> |

11. 2019 Dodge Charger

On November 8, 2019, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$23,125 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$2,040. The Marshall County Fiscal Court is required to make monthly payments of \$482. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|-----------------|
| 2024 | \$ 2,040 |
| | <u>\$ 2,040</u> |

12. 2016 GMC Sierra

On November 22, 2019, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2016 GMC Sierra. An initial lease liability was recorded in the amount of \$30,294 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$8,432. The Marshall County Fiscal Court is required to make monthly payments of \$505. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|-----------------|
| 2024 | \$ 6,059 |
| 2025 | 2,373 |
| | <u>\$ 8,432</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

13. 2019 Dodge Charger

On August 7, 2019, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$22,956 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$548. The Marshall County Fiscal Court is required to make monthly payments of \$479. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|---------------|
| <u>June 30</u> | <u></u> |
| 2024 | \$ 548 |
| | <u>\$ 548</u> |

14. 2020 Ford F-250

On January 15, 2020, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2020 Ford F-250. An initial lease liability was recorded in the amount of \$29,772 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$9,156. The Marshall County Fiscal Court is required to make monthly payments of \$496. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|-----------------|
| <u>June 30</u> | <u></u> |
| 2024 | \$ 5,954 |
| 2025 | 3,202 |
| | <u>\$ 9,156</u> |

15. 2019 Dodge Ram 1500

On January 19, 2020, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2019 Dodge Ram. An initial lease liability was recorded in the amount of \$34,296 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$10,606. The Marshall County Fiscal Court is required to make monthly payments of \$572. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|------------------|
| <u>June 30</u> | <u></u> |
| 2024 | \$ 6,859 |
| 2025 | 3,747 |
| | <u>\$ 10,606</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

16. 2017 Dodge Durango

On January 29, 2020, the Marshall County Fiscal Court entered into a two-year lease agreement as lessee for the use of a 2017 Dodge Durango. An initial lease liability was recorded in the amount of \$11,004 during the then current fiscal year. The term of the original lease expired in January 2022, however, the county opted to continue the lease on a month-to-month basis at a rate of \$409 per month.

17. 2016 Dodge Ram 3500

On January 29, 2020, the Marshall County Fiscal Court entered into a two-year lease agreement as lessee for the use of a 2016 Dodge Ram 3500. An initial lease liability was recorded in the amount of \$13,715 during the then current fiscal year. The term of the original lease expired in January 2022, however, the county opted to continue the lease on a month-to-month basis at a rate of \$494 per month.

18. 2016 Dodge Ram 2500

On January 29, 2020, the Marshall County Fiscal Court entered into a two-year lease agreement as lessee for the use of a 2016 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$14,294 during the then current fiscal year. The term of the original lease expired in January 2022, however, the county opted to continue the lease on a month-to-month basis at a rate of \$515 per month.

19. 2016 Dodge Ram 2500

On January 29, 2020, the Marshall County Fiscal Court entered into a two-year lease agreement as lessee for the use of a 2016 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$13,493 during the then current fiscal year. The term of the original lease expired in January 2022, however, the county opted to continue the lease on a month-to-month basis until May 2023.

20. 2019 Dodge Ram 1500

On January 29, 2020, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Ram 1500. An initial lease liability was recorded in the amount of \$14,957 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$2,151. The Marshall County Fiscal Court is required to make monthly payments of \$312. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|-----------------|
| June 30 | |
| 2024 | \$ 2,151 |
| | <u>\$ 2,151</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

21. 2019 Dodge Ram 1500

On January 29, 2020, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Ram 1500. An initial lease liability was recorded in the amount of \$17,803 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$2,560. The Marshall County Fiscal Court is required to make monthly payments of \$371. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|-----------------|
| June 30 | |
| 2024 | \$ 2,560 |
| | <u>\$ 2,560</u> |

22. 2018 Dodge Ram 2500

On January 29, 2020, the Marshall County Fiscal Court entered into a three-year lease agreement as lessee for the use of a 2018 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$18,924 during the then current fiscal year. The term of the original lease expired in January 2023, however, the county opted to continue the lease on a month-to-month basis at a rate of \$504 per month.

23. 2018 Dodge Ram 2500

On January 29, 2020, the Marshall County Fiscal Court entered into a three-year lease agreement as lessee for the use of a 2018 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$19,247 during the then current fiscal year. The term of the original lease expired in January 2023, however, the county opted to continue the lease on a month-to-month basis at a rate of \$514 per month.

24. 2018 Dodge Ram 2500

On January 29, 2020, the Marshall County Fiscal Court entered into a three-year lease agreement as lessee for the use of a 2018 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$19,247 during the then current fiscal year. The term of the original lease expired in January 2023, however, the county opted to continue the lease on a month-to-month basis at a rate of \$514 per month.

25. 2018 Jeep Wrangler

On January 24, 2020, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2018 Jeep Wrangler. An initial lease liability was recorded in the amount of \$32,784 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$10,240. The Marshall County Fiscal Court is required to make monthly payments of \$546. The remaining lease payments as of June 30, 2023, were as follows:

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

Note 5. Leases (Continued)

B. Lessee (Continued)

26. 2018 Jeep Wrangler (Continued)

| Fiscal Year Ended | Amount |
|-------------------|------------------|
| <u>June 30</u> | <u></u> |
| 2024 | \$ 6,557 |
| 2025 | 3,683 |
| | <u>\$ 10,240</u> |

27. 2020 Ford F-250

On January 15, 2020, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2020 Ford F-250. An initial lease liability was recorded in the amount of \$32,017 during the then current fiscal year. In March 2023, the vehicle was returned to the lessor and the lease was terminated.

28. 2019 Dodge Charger

On February 25, 2020, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$27,483 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$4,482. The Marshall County Fiscal Court is required to make monthly payments of \$573. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|-----------------|
| <u>June 30</u> | <u></u> |
| 2024 | \$ 4,482 |
| | <u>\$ 4,482</u> |

29. 2020 Ford F-150

On February 12, 2020, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2020 Ford F-150. An initial lease liability was recorded in the amount of \$30,227 during the then current fiscal year. On May 9, 2023, the vehicle was returned to the lessor and the lease was terminated.

30. 2020 Ford F-150

On March 2, 2020, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2020 Ford F-150. An initial lease liability was recorded in the amount of \$33,422 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$11,159. The Marshall County Fiscal Court is required to make monthly payments of \$557. The remaining lease payments as of June 30, 2023, were as follows:

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

Note 5. Leases (Continued)

B. Lessee (Continued)

30. 2020 Ford F-150 (Continued)

| Fiscal Year Ended | Amount |
|-------------------|------------------|
| <u>June 30</u> | <u></u> |
| 2024 | \$ 6,684 |
| 2025 | 4,475 |
| | <u>\$ 11,159</u> |

31. 2019 Dodge Charger

On March 9, 2020, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$27,163 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$4,673. The Marshall County Fiscal Court is required to make monthly payments of \$566. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|-----------------|
| <u>June 30</u> | <u></u> |
| 2024 | \$ 4,673 |
| | <u>\$ 4,673</u> |

32. 2020 Ford F-350

On March 11, 2020, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2020 Ford F-350. An initial lease liability was recorded in the amount of \$50,525 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$17,113. The Marshall County Fiscal Court is required to make monthly payments of \$842. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|------------------|
| <u>June 30</u> | <u></u> |
| 2024 | \$ 10,105 |
| 2025 | 7,008 |
| | <u>\$ 17,113</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

33. 2020 Ford Transit-150 Cargo

On March 23, 2020, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2020 Ford Transit-150 Cargo. An initial lease liability was recorded in the amount of \$31,999 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$11,044. The Marshall County Fiscal Court is required to make monthly payments of \$533. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|------------------|
| 2024 | \$ 6,400 |
| 2025 | 4,644 |
| | <u>\$ 11,044</u> |

34. 2019 Dodge Charger

On September 9, 2020, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$26,665 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$7,926. The Marshall County Fiscal Court is required to make monthly payments of \$556. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|-----------------|
| 2024 | \$ 6,666 |
| 2025 | 1,260 |
| | <u>\$ 7,926</u> |

35. 2019 Dodge Charger

On September 30, 2020, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$26,665 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$8,315. The Marshall County Fiscal Court is required to make monthly payments of \$556. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|-----------------|
| 2024 | \$ 6,666 |
| 2025 | 1,649 |
| | <u>\$ 8,315</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

36. 2019 Dodge Charger

On October 31, 2020, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$26,672 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$8,873. The Marshall County Fiscal Court is required to make monthly payments of \$556. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|-----------------|
| 2024 | \$ 6,668 |
| 2025 | 2,205 |
| | <u>\$ 8,873</u> |

37. 2018 Dodge Ram 2500

On January 25, 2021, the Marshall County Fiscal Court entered into a three-year lease agreement as lessee for the use of a 2018 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$12,610 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$2,452. The Marshall County Fiscal Court is required to make monthly payments of \$350. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|-----------------|
| 2024 | \$ 2,452 |
| | <u>\$ 2,452</u> |

38. 2018 Dodge Ram 2500

On January 25, 2021, the Marshall County Fiscal Court entered into a three-year lease agreement as lessee for the use of a 2018 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$12,610 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$2,452. The Marshall County Fiscal Court is required to make monthly payments of \$350. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|-----------------|
| 2024 | \$ 2,452 |
| | <u>\$ 2,452</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

39. 2021 Ford F-150

On August 5, 2021, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2021 Ford F-150. An initial lease liability was recorded in the amount of \$26,546 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$16,812. The Marshall County Fiscal Court is required to make monthly payments of \$442. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | |
|-------------------|------------------|
| June 30 | Amount |
| 2024 | \$ 5,309 |
| 2025 | 5,309 |
| 2026 | 5,309 |
| 2027 | 885 |
| | <u>\$ 16,812</u> |

40. 2021 Ford F-150

On October 11, 2021, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2021 Ford F-150. An initial lease liability was recorded in the amount of \$28,762 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$19,175. The Marshall County Fiscal Court is required to make monthly payments of \$533. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | |
|-------------------|------------------|
| June 30 | Amount |
| 2024 | \$ 5,753 |
| 2025 | 5,752 |
| 2026 | 5,753 |
| 2027 | 1,917 |
| | <u>\$ 19,175</u> |

41. 2021 Dodge Durango

On October 19, 2021, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2021 Dodge Durango. An initial lease liability was recorded in the amount of \$29,124 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$16,989. The Marshall County Fiscal Court is required to make monthly payments of \$607. The remaining lease payments as of June 30, 2023, were as follows:

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

Note 5. Leases (Continued)

B. Lessee (Continued)

41. 2021 Dodge Durango (Continued)

| Fiscal Year Ended June 30 | Amount |
|------------------------------|------------------|
| 2024 | \$ 7,281 |
| 2025 | 7,281 |
| 2026 | 2,427 |
| | <u>\$ 16,989</u> |

42. 2021 Ford F-150

On October 25, 2021, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2021 Ford F-150. An initial lease liability was recorded in the amount of \$30,076 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$20,051. The Marshall County Fiscal Court is required to make monthly payments of \$537. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|------------------|
| 2024 | \$ 6,015 |
| 2025 | 6,015 |
| 2026 | 6,015 |
| 2027 | 2,006 |
| | <u>\$ 20,051</u> |

43. 2021 Ford F-150

On October 25, 2021, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2021 Ford F-150. An initial lease liability was recorded in the amount of \$29,857 during the then current fiscal year. On January 27, 2023, the vehicle was returned to the lessor and the lease was terminated.

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

Note 5. Leases (Continued)

B. Lessee (Continued)

44. 2021 Dodge Durango

On November 22, 2021, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2021 Dodge Durango. An initial lease liability was recorded in the amount of \$32,095 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$19,391. The Marshall County Fiscal Court is required to make monthly payments of \$669. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|------------------|
| 2024 | \$ 8,024 |
| 2025 | 8,024 |
| 2026 | 3,343 |
| | <u>\$ 19,391</u> |

45. 2022 Dodge Ram 5500

On December 20, 2021, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2022 Dodge Ram 5500. An initial lease liability was recorded in the amount of \$72,280 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$50,596. The Marshall County Fiscal Court is required to make monthly payments of \$1,205. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|------------------|
| 2024 | \$ 14,456 |
| 2025 | 14,456 |
| 2026 | 14,456 |
| 2027 | 7,228 |
| | <u>\$ 50,596</u> |

46. 2022 Nissan Altima

On January 24, 2022, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2022 Nissan Altima. An initial lease liability was recorded in the amount of \$16,483 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$10,645. The Marshall County Fiscal Court is required to make monthly payments of \$343. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|------------------|
| 2024 | \$ 4,121 |
| 2025 | 4,120 |
| 2026 | 2,404 |
| | <u>\$ 10,645</u> |

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

Note 5. Leases (Continued)

47. 2021 Ford F-150

On January 25, 2022, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2021 Ford F-150. An initial lease liability was recorded in the amount of \$31,778 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$22,774. The Marshall County Fiscal Court is required to make monthly payments of \$530. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | |
|-------------------|------------------|
| June 30 | Amount |
| 2024 | \$ 6,355 |
| 2025 | 6,356 |
| 2026 | 6,355 |
| 2027 | 3,708 |
| | <u>\$ 22,774</u> |

48. 2022 Ford Police Interceptor

On January 26, 2022, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2022 Ford Police Interceptor. An initial lease liability was recorded in the amount of \$34,021 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$21,972. The Marshall County Fiscal Court is required to make monthly payments of \$709. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | |
|-------------------|------------------|
| June 30 | Amount |
| 2024 | \$ 8,505 |
| 2025 | 8,505 |
| 2026 | 4,962 |
| | <u>\$ 21,972</u> |

49. 2021 Dodge Charger

On February 15, 2022, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2021 Dodge Charger. An initial lease liability was recorded in the amount of \$23,666 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$15,777. The Marshall County Fiscal Court is required to make monthly payments of \$493. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | |
|-------------------|------------------|
| June 30 | Amount |
| 2024 | \$ 5,917 |
| 2025 | 5,916 |
| 2026 | 3,944 |
| | <u>\$ 15,777</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

50. 2021 Dodge Charger

On February 15, 2022, the Marshall County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2021 Dodge Charger. An initial lease liability was recorded in the amount of \$23,857 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$15,904. The Marshall County Fiscal Court is required to make monthly payments of \$497. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|------------------|
| <u>June 30</u> | |
| 2024 | \$ 5,964 |
| 2025 | 5,964 |
| 2026 | <u>3,976</u> |
| | <u>\$ 15,904</u> |

51. 2022 Dodge Ram 2500

On June 30, 2022, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2022 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$67,611 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$54,088. The Marshall County Fiscal Court is required to make monthly payments of \$1,127. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|------------------|
| <u>June 30</u> | |
| 2024 | \$ 13,522 |
| 2025 | 13,522 |
| 2026 | 13,522 |
| 2027 | <u>13,522</u> |
| | <u>\$ 54,088</u> |

52. 2023 Dodge Ram 2500

On March 13, 2023, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2023 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$65,342 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$62,075. The Marshall County Fiscal Court is required to make monthly payments of \$1,089. The remaining lease payments as of June 30, 2023, were as follows:

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

Note 5. Leases (Continued)

B. Lessee (Continued)

52. 2023 Dodge Ram 2500 (Continued)

| Fiscal Year Ended June 30 | Amount |
|------------------------------|------------------|
| 2024 | \$ 13,068 |
| 2025 | 13,069 |
| 2026 | 13,068 |
| 2027 | 13,069 |
| 2028 | 9,801 |
| | <u>\$ 62,075</u> |

53. 2022 Ford Police Interceptor

On January 11, 2023, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2022 Ford Police Interceptor. An initial lease liability was recorded in the amount of \$39,180 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$35,915. The Marshall County Fiscal Court is required to make monthly payments of \$653. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|------------------|
| 2024 | \$ 7,836 |
| 2025 | 7,836 |
| 2026 | 7,836 |
| 2027 | 7,836 |
| 2028 | 4,571 |
| | <u>\$ 35,915</u> |

54. 2022 Ford Police Interceptor

On February 14, 2023, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2022 Ford Police Interceptor. An initial lease liability was recorded in the amount of \$39,392 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$36,766. The Marshall County Fiscal Court is required to make monthly payments of \$657. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended June 30 | Amount |
|------------------------------|------------------|
| 2024 | \$ 7,878 |
| 2025 | 7,879 |
| 2026 | 7,878 |
| 2027 | 7,879 |
| 2028 | 5,252 |
| | <u>\$ 36,766</u> |

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

Note 5. Leases (Continued)

B. Lessee (Continued)

55. 2022 Ford Police Interceptor

On April 12, 2023, the Marshall County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2022 Ford Police Interceptor. An initial lease liability was recorded in the amount of \$40,039 during the then current fiscal year. As of June 30, 2023, the value of the lease liability was \$38,705. The Marshall County Fiscal Court is required to make monthly payments of \$667. The remaining lease payments as of June 30, 2023, were as follows:

| Fiscal Year Ended | Amount |
|-------------------|------------------|
| June 30 | |
| 2024 | \$ 8,008 |
| 2025 | 8,008 |
| 2026 | 8,008 |
| 2027 | 8,008 |
| 2028 | 6,673 |
| | <u>\$ 38,705</u> |

Note 6. Short-term Debt

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

A. Direct Borrowings – Community Financial Services Bank Line of Credit

On January 10, 2022, the Marshall County Fiscal Court entered into a line of credit agreement with the Community Financial Services Bank for \$15,000,000 for the purpose of providing financing for the county to clean up debris after a tornado. Interest, which is calculated at a fixed rate of 2.275 percent is due monthly and outstanding principal is due by June 30, 2023. No event of default is outlined in the agreement. This short-term agreement was renewed and extended through June 30, 2023. The principal balance of this line of credit was paid in full as of June 30, 2023. Interest outstanding as of June 30, 2023 was \$117, which was paid in full on July 10, 2023.

B. Changes in Short-term Debt

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|---------------------|-------------------|------------------------|
| Direct Borrowings and Direct Placements | \$ 6,341,820 | \$ 3,052,609 | \$9,394,429 | \$ | \$ |
| Total Short-term Debt | <u>\$ 6,341,820</u> | <u>\$ 3,052,609</u> | <u>\$ 9,394,429</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation – Kentucky Infrastructure Authority Loan

On October 1, 2018, the Marshall County Fiscal Court entered into an assistance agreement on a line of credit with the Kentucky Infrastructure Authority (KIA) for the purpose of the expansion of the Draffenville sewer system. The line of credit for the project as of April 2, 2020, was \$2,343,825. The Marshall County Fiscal Court entered a note with KIA in an amount of \$2,745,363, of which the line of credit was retired, and the project completed. Principal payments are due December 1, beginning in 2020, and interest, which is variable at 1% to 2.5%, is payable semiannually on March 1 and September 1, beginning September 1, 2012. The maturity date of the issue is March 1, 2040. The principal balance of June 30, 2023 was \$2,391,997. Future principal and interest payments are as follows:

| Fiscal Year Ended June 30 | Principal | Interest |
|------------------------------|---------------------|-------------------|
| 2024 | \$ 121,953 | \$ 46,052 |
| 2025 | 124,097 | 43,664 |
| 2026 | 126,278 | 41,233 |
| 2027 | 128,498 | 38,760 |
| 2028 | 130,756 | 36,243 |
| 2029-2033 | 689,073 | 141,890 |
| 2034-2038 | 751,798 | 71,997 |
| 2039-2040 | 319,544 | 7,823 |
| Totals | <u>\$ 2,391,997</u> | <u>\$ 427,662</u> |

2. Financing Obligation – 2017 Gradall Equipment

On January 2, 2018, Marshall County Fiscal Court entered into an agreement with US Bancorp Government Leasing and Finance for the purpose of purchasing a 2017 Gradall XL41DOV. The Marshall County Fiscal Court entered into the purchase agreement in an amount of \$365,540. Principal and interest payments are due annually beginning January 2, 2019. In the event of default, all payments may be declared due, or the property schedule will be terminated and the fiscal court will lose possession of the property. The principal balance as of June 30, 2023 was \$113,932. Future principal and interest payments are as follows:

| Fiscal Year Ended June 30 | Principal | Interest |
|------------------------------|-------------------|-----------------|
| 2024 | \$ 55,948 | \$ 4,147 |
| 2025 | 57,984 | 2,111 |
| Totals | <u>\$ 113,932</u> | <u>\$ 6,258</u> |

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

Note 7. Long-term Debt (Continued)

B. Other Debt

General Obligation Bonds, Series 2019

On December 11, 2019, the Marshall County Fiscal Court issued General Obligation Bonds, Series 2019, in the amount of \$7,300,000 for the purpose of (i) improvements to sewer and water lines (ii) improvements to industrial park infrastructure, including, but not limited to roads, turn lanes and utilities; (iii) improvements to emergency services; (iv) payment of capitalized interest and accrued interest, if any; (the “projects”) and (v) payment of costs of issuance of the bonds.

Principal payments are due December 1, beginning in 2020, and interest, which is variable at 2% to 2.65%, is payable semiannually on June 1 and December 1, beginning December 1, 2020. The maturity date of the issue is June 30, 2040. The outstanding balance as of June 30, 2023 was \$6,435,000. Future principal and interest requirements are:

| Fiscal Year Ended June 30 | Principal | Interest |
|------------------------------|---------------------|---------------------|
| 2024 | \$ 315,000 | \$ 143,990 |
| 2025 | 325,000 | 137,590 |
| 2026 | 330,000 | 131,040 |
| 2027 | 335,000 | 124,390 |
| 2028 | 345,000 | 117,590 |
| 2029-2033 | 1,835,000 | 474,164 |
| 2034-2038 | 2,050,000 | 248,325 |
| 2039-2040 | 900,000 | 23,871 |
| Totals | \$ 6,435,000 | \$ 1,400,960 |

C. Changes In Long-term Debt

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|-------------|-------------------|---------------------|------------------------|
| Direct Borrowings and Direct Placements | \$ 2,679,759 | \$ | \$ 173,830 | \$ 2,505,929 | \$ 177,901 |
| Other Debt | 6,745,000 | | 310,000 | 6,435,000 | 315,000 |
| Total Long-term Debt | \$ 9,424,759 | \$ 0 | \$ 483,830 | \$ 8,940,929 | \$ 492,901 |

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

Note 7. Long-term Debt (Continued)

D. Aggregate Debt Schedule

The amounts of required principal and interest payments on long-term obligations for the year ended June 30, 2023, was as follows:

| Fiscal Year Ended June 30 | Other Debt | | Direct Borrowings and Direct | |
|------------------------------|---------------------|---------------------|------------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 315,000 | \$ 143,990 | \$ 177,901 | \$ 50,199 |
| 2025 | 325,000 | 137,590 | 182,081 | 45,775 |
| 2026 | 330,000 | 131,040 | 126,278 | 41,233 |
| 2027 | 335,000 | 124,390 | 128,498 | 38,760 |
| 2028 | 345,000 | 117,590 | 130,756 | 36,243 |
| 2029-2033 | 1,835,000 | 474,164 | 689,073 | 141,890 |
| 2034-2038 | 2,050,000 | 248,325 | 751,798 | 71,997 |
| 2039-2040 | 900,000 | 23,871 | 319,544 | 7,823 |
| Totals | <u>\$ 6,435,000</u> | <u>\$ 1,400,960</u> | <u>\$ 2,505,929</u> | <u>\$ 433,920</u> |

Note 8. Commitments and Contingencies

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

Note 9. Employee Retirement System

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

The county's contribution for FY 2021 was \$1,789,009, FY 2022 was \$2,045,331, and FY 2023 was \$2,145,830.

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.

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

Note 9. 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 26.79 percent.

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the 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 49.59 percent.

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

Note 9. 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:

| Years of Service | % Paid by Insurance Fund | % Paid by Member through Payroll Deduction |
|-------------------------|---------------------------------|---|
| 20 or more | 100% | 0% |
| 15-19 | 75% | 25% |
| 10-14 | 50% | 50% |
| 4-9 | 25% | 75% |
| Less than 4 | 0% | 100% |

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

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

Benefits are covered under KRS 78.5536.

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

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

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

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

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

D. Cost of Living Adjustments - Tier 1

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

Ky. Ret. Sys. 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.

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

Note 10. Deferred Compensation

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

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

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

Note 11. Health Reimbursement Account/Flexible Spending Account

The Marshall County Fiscal Court, in Fiscal Court Order One, established a health reimbursement account on October 11, 2011 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 funds, determined by health insurance coverage, each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deductions. The balance of the plan as of June 30, 2023, was \$118,336.

Note 12. Landfill Closure and Post-Closure Costs

In 2002, the legislature passed House Bill No. 174 that among other things, provided for state assumption of responsibility for the costs of closure and remedial obligations for inactive solid waste landfills that ceased accepting waste prior to July 1, 1992. This is implemented as amendments to KRS 244, Subchapter 43. The Kentucky Division of Waste Management has determined that the Marshall County Landfill qualifies under this program for state assistance. However, as a necessary condition for performing this work, the Kentucky Division of Waste Management required a legal right of entry granting permission for assessment and construction activities on the subject property. On February 8, 2005, the Marshall County Judge/Executive signed the right of entry to the Commonwealth of Kentucky and its authorized agents the right to enter upon this land for the purpose of performing such activities.

Note 13. Insurance

For the fiscal year ended June 30, 2023, the Marshall 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.

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

Note 14. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to an industrial authority 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 Marshall County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2023, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 15. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2023, \$188,542 was added to the general fund cash balance for financial reporting purposes.

Note 16. Prior Period Adjustments

Financial statement beginning balances were restated as follows:

| | Grant Fund | E911 Fund | Animal Shelter Donation Fund | Sheriff Fund |
|--|-----------------|-------------------|------------------------------------|-------------------|
| Ending Cash Balance - Prior Year Audit | \$ 9,819 | \$ 142,709 | \$ 31,639 | \$ 222,911 |
| Adjustments: | | | | |
| Rounding | <u>1</u> | <u>1</u> | <u>1</u> | <u>(1)</u> |
| Beginning Fund Balance - Restated | <u>\$ 9,820</u> | <u>\$ 142,710</u> | <u>\$ 31,640</u> | <u>\$ 222,910</u> |

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

For The Year Ended June 30, 2023

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MARSHALL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

| | GENERAL FUND | | | |
|--|-------------------------|---------------------|----------------------------------|--|
| | <u>Budgeted Amounts</u> | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Taxes | \$ 2,537,500 | \$ 2,537,500 | \$ 3,038,437 | \$ 500,937 |
| In Lieu Tax Payments | 684,000 | 684,000 | 795,675 | 111,675 |
| Excess Fees | | 76,106 | 76,106 | |
| Licenses and Permits | 78,000 | 78,000 | 81,659 | 3,659 |
| Intergovernmental | 857,723 | 7,494,935 | 7,455,713 | (39,222) |
| Charges for Services | 24,000 | 24,000 | 18,000 | (6,000) |
| Miscellaneous | 291,436 | 372,847 | 443,828 | 70,981 |
| Interest | 12,000 | 12,000 | 244,254 | 232,254 |
| Total Receipts | <u>4,484,659</u> | <u>11,279,388</u> | <u>12,153,672</u> | <u>874,284</u> |
| DISBURSEMENTS | | | | |
| General Government | 5,228,953 | 5,926,264 | 4,962,182 | 964,082 |
| TVA Community Contribution Grant | | 250,000 | | 250,000 |
| Protection to Persons and Property | 635,408 | 694,545 | 553,266 | 141,279 |
| General Health and Sanitation | 462,800 | 463,240 | 398,508 | 64,732 |
| Social Services | 7,500 | 7,550 | 6,725 | 825 |
| Recreation and Culture | 1,167,695 | 1,190,489 | 929,307 | 261,182 |
| Debt Service | 881,470 | 10,213,682 | 10,116,932 | 96,750 |
| Administration | 2,648,959 | 2,245,655 | 811,085 | 1,434,570 |
| Total Disbursements | <u>11,032,785</u> | <u>20,991,425</u> | <u>17,778,005</u> | <u>3,213,420</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(6,548,126)</u> | <u>(9,712,037)</u> | <u>(5,624,333)</u> | <u>4,087,704</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 2,598,434 | 2,601,926 | 3,179,496 | 577,570 |
| Transfers To Other Funds | | (36,362) | | 36,362 |
| Total Other Adjustments to Cash (Uses) | <u>2,598,434</u> | <u>2,565,564</u> | <u>3,179,496</u> | <u>613,932</u> |
| Net Change in Fund Balance | (3,949,692) | (7,146,473) | (2,444,837) | 4,701,636 |
| Fund Balance - Beginning | <u>3,949,692</u> | <u>7,038,473</u> | <u>8,021,400</u> | <u>982,927</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ (108,000)</u> | <u>\$ 5,576,563</u> | <u>\$ 5,684,563</u> |

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

| | ROAD FUND | | | |
|--|--------------------|--------------------|----------------------------------|--|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Taxes | \$ 80,000 | \$ 89,933 | \$ 171,018 | \$ 81,085 |
| Intergovernmental | 1,644,853 | 1,644,853 | 1,881,363 | 236,510 |
| Charges for Services | | 60 | 1,350 | 1,290 |
| Miscellaneous | | 32,186 | 65,425 | 33,239 |
| Interest | 7,000 | 7,000 | 52,527 | 45,527 |
| Total Receipts | <u>1,731,853</u> | <u>1,774,032</u> | <u>2,171,683</u> | <u>397,651</u> |
| DISBURSEMENTS | | | | |
| Roads | 2,852,522 | 3,500,063 | 3,098,990 | 401,073 |
| Administration | 573,500 | 4,500 | 3,245 | 1,255 |
| Total Disbursements | <u>3,426,022</u> | <u>3,504,563</u> | <u>3,102,235</u> | <u>402,328</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(1,694,169)</u> | <u>(1,730,531)</u> | <u>(930,552)</u> | <u>799,979</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 1,520,862 | 1,557,224 | 1,520,862 | (36,362) |
| Transfers To Other Funds | | | (5,300) | (5,300) |
| Total Other Adjustments to Cash (Uses) | <u>1,520,862</u> | <u>1,557,224</u> | <u>1,515,562</u> | <u>(41,662)</u> |
| Net Change in Fund Balance | (173,307) | (173,307) | 585,010 | 758,317 |
| Fund Balance - Beginning | <u>173,307</u> | <u>173,307</u> | <u>776,839</u> | <u>603,532</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,361,849</u> | <u>\$ 1,361,849</u> |

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

| | JAIL FUND | | | |
|--|--------------------|--------------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 1,261,000 | \$ 1,351,000 | \$ 1,592,312 | \$ 241,312 |
| Charges for Services | 4,000 | 4,000 | 5,500 | 1,500 |
| Miscellaneous | 50,500 | 50,500 | 61,163 | 10,663 |
| Interest | 1,000 | 1,000 | 26,905 | 25,905 |
| Total Receipts | <u>1,316,500</u> | <u>1,406,500</u> | <u>1,685,880</u> | <u>279,380</u> |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | 1,586,755 | 2,580,755 | 2,380,409 | 200,346 |
| Administration | 828,700 | 34,700 | | 34,700 |
| Total Disbursements | <u>2,415,455</u> | <u>2,615,455</u> | <u>2,380,409</u> | <u>235,046</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(1,098,955)</u> | <u>(1,208,955)</u> | <u>(694,529)</u> | <u>514,426</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 953,145 | 953,145 | 953,145 | |
| Total Other Adjustments to Cash (Uses) | <u>953,145</u> | <u>953,145</u> | <u>953,145</u> | <u></u> |
| Net Change in Fund Balance | (145,810) | (255,810) | 258,616 | 514,426 |
| Fund Balance - Beginning | <u>145,810</u> | <u>255,810</u> | <u>545,081</u> | <u>289,271</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 803,697</u> | <u>\$ 803,697</u> |

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

| | GRANT FUND | | | |
|--|-------------------|----------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ | \$ | \$ 285,241 | \$ 285,241 |
| Interest | | 3,492 | 3,566 | 74 |
| Total Receipts | | 3,492 | 288,807 | 285,315 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | 3,492 | 288,807 | 285,315 |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers To Other Funds | | (13,092) | (298,627) | (285,535) |
| Total Other Adjustments to Cash (Uses) | | (13,092) | (298,627) | (285,535) |
| Net Change in Fund Balance | | (9,600) | (9,820) | (220) |
| Fund Balance - Beginning (Restated) | | 9,600 | 9,820 | 220 |
| Fund Balance - Ending | \$ | 0 | \$ 0 | \$ 0 |

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

TORNADO DEBRIS REMOVAL FUND

| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|--|---|
| | Original | Final | | |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | \$ 10,000,000 | \$ 10,000,000 | \$ 3,052,609 | \$ 6,947,391 |
| Total Disbursements | <u>10,000,000</u> | <u>10,000,000</u> | <u>3,052,609</u> | <u>6,947,391</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(10,000,000)</u> | <u>(10,000,000)</u> | <u>(3,052,609)</u> | <u>6,947,391</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Governmental Leasing Act Receipts | <u>10,000,000</u> | <u>10,000,000</u> | <u>3,052,609</u> | <u>(6,947,391)</u> |
| Total Other Adjustments to Cash (Uses) | <u>10,000,000</u> | <u>10,000,000</u> | <u>3,052,609</u> | <u>(6,947,391)</u> |
| Net Change in Fund Balance | | | | |
| Fund Balance - Beginning | | | | |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

| | E911 FUND | | | |
|--|------------------|--------------------|----------------------------------|--|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Taxes | \$ 25,000 | \$ 25,000 | \$ 46,735 | \$ 21,735 |
| Intergovernmental | 212,000 | 212,000 | 257,489 | 45,489 |
| Miscellaneous | | 1,000 | 1,800 | 800 |
| Interest | | | 12,050 | 12,050 |
| Total Receipts | <u>237,000</u> | <u>238,000</u> | <u>318,074</u> | <u>80,074</u> |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | 848,910 | 1,263,641 | 948,418 | 315,223 |
| Administration | 298,600 | 27,579 | | 27,579 |
| Total Disbursements | <u>1,147,510</u> | <u>1,291,220</u> | <u>948,418</u> | <u>342,802</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(910,510)</u> | <u>(1,053,220)</u> | <u>(630,344)</u> | <u>422,876</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 910,510 | 910,510 | 910,510 | |
| Total Other Adjustments to Cash (Uses) | <u>910,510</u> | <u>910,510</u> | <u>910,510</u> | |
| Net Change in Fund Balance | | (142,710) | 280,166 | 422,876 |
| Fund Balance - Beginning (Restated) | | <u>142,710</u> | <u>142,710</u> | |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 422,876</u> | <u>\$ 422,876</u> |

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

OCCUPATIONAL TAX ADMINISTRATOR FUND

| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|--|---|
| | Original | Final | | |
| RECEIPTS | | | | |
| Taxes | \$ 5,500,000 | \$ 5,500,000 | \$ 7,470,895 | \$ 1,970,895 |
| Interest | 25,000 | 25,000 | 107,916 | 82,916 |
| Total Receipts | 5,525,000 | 5,525,000 | 7,578,811 | 2,053,811 |
| DISBURSEMENTS | | | | |
| General Government | 51,500 | 82,735 | 81,888 | 847 |
| Administration | | 22,765 | | 22,765 |
| Total Disbursements | 51,500 | 105,500 | 81,888 | 23,612 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | 5,473,500 | 5,419,500 | 7,496,923 | 2,077,423 |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers To Other Funds | (7,436,246) | (7,436,246) | (7,553,246) | (117,000) |
| Total Other Adjustments to Cash (Uses) | (7,436,246) | (7,436,246) | (7,553,246) | (117,000) |
| Net Change in Fund Balance | (1,962,746) | (2,016,746) | (56,323) | 1,960,423 |
| Fund Balance - Beginning | 1,962,746 | 2,162,746 | 2,589,562 | 426,816 |
| Fund Balance - Ending | \$ 0 | \$ 146,000 | \$ 2,533,239 | \$ 2,387,239 |

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

ANIMAL SHELTER DONATION FUND

| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|----------|--|---|
| | Original | Final | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ | \$ | \$ 18,963 | \$ 18,963 |
| Total Receipts | | | 18,963 | 18,963 |
| DISBURSEMENTS | | | | |
| General Health and Sanitation | 9,321 | 31,640 | 18,240 | 13,400 |
| Total Disbursements | 9,321 | 31,640 | 18,240 | 13,400 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (9,321) | (31,640) | 723 | 32,363 |
| Net Change in Fund Balance | (9,321) | (31,640) | 723 | 32,363 |
| Fund Balance - Beginning (Restated) | 9,321 | 31,640 | 31,640 | |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 32,363 | \$ 32,363 |

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

| | SHERIFF FUND | | | |
|--|---------------------|--------------------|----------------------------------|--|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Intergovernmental | \$ 2,013,900 | \$ 2,293,472 | \$ 2,461,076 | \$ 167,604 |
| Miscellaneous | | | 9,806 | 9,806 |
| Total Receipts | <u>2,013,900</u> | <u>2,293,472</u> | <u>2,470,882</u> | <u>177,410</u> |
| DISBURSEMENTS | | | | |
| General Government | 3,972,795 | 4,520,317 | 4,356,042 | 164,275 |
| Total Disbursements | <u>3,972,795</u> | <u>4,520,317</u> | <u>4,356,042</u> | <u>164,275</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(1,958,895)</u> | <u>(2,226,845)</u> | <u>(1,885,160)</u> | <u>341,685</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 1,858,895 | 1,965,945 | 1,775,832 | (190,113) |
| Total Other Adjustments to Cash (Uses) | <u>1,858,895</u> | <u>1,965,945</u> | <u>1,775,832</u> | <u>(190,113)</u> |
| Net Change in Fund Balance | (100,000) | (260,900) | (109,328) | 151,572 |
| Fund Balance - Beginning (Restated) | <u>100,000</u> | <u>222,900</u> | <u>222,910</u> | <u>10</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ (38,000)</u> | <u>\$ 113,582</u> | <u>\$ 151,582</u> |

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

| | FEDERAL ASSET FORFEITURE FUND | | | |
|--|--------------------------------------|-------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ | \$ 8,618 | \$ | \$ (8,618) |
| Interest | | | 1,136 | 1,136 |
| Total Receipts | | 8,618 | 1,136 | (7,482) |
| DISBURSEMENTS | | | | |
| Federal Asset Forfeitures Purchases | | 89,934 | 3,697 | 86,237 |
| Total Disbursements | | 89,934 | 3,697 | 86,237 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | (81,316) | (2,561) | 78,755 |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | | | 83,118 | 83,118 |
| Total Other Adjustments to Cash (Uses) | | | 83,118 | 83,118 |
| Net Change in Fund Balance | | (81,316) | 80,557 | 161,873 |
| Fund Balance - Beginning | | | 8,384 | 8,384 |
| Fund Balance - Ending | \$ 0 | \$ (81,316) | \$ 88,941 | \$ 170,257 |

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

ALCOHOL BEVERAGE CONTROL FUND

| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|--|---|
| | Original | Final | | |
| RECEIPTS | | | | |
| Taxes | \$ 270,000 | \$ 279,304 | \$ 356,513 | \$ 77,209 |
| Licenses and Permits | 28,000 | 28,000 | 18,600 | (9,400) |
| Interest | 500 | 5,800 | 7,386 | 1,586 |
| Total Receipts | <u>298,500</u> | <u>313,104</u> | <u>382,499</u> | <u>69,395</u> |
| DISBURSEMENTS | | | | |
| General Government | 13,900 | 13,900 | 12,612 | 1,288 |
| Total Disbursements | <u>13,900</u> | <u>13,900</u> | <u>12,612</u> | <u>1,288</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>284,600</u> | <u>299,204</u> | <u>369,887</u> | <u>70,683</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers To Other Funds | (405,600) | (498,112) | (405,600) | 92,512 |
| Total Other Adjustments to Cash (Uses) | <u>(405,600)</u> | <u>(498,112)</u> | <u>(405,600)</u> | <u>92,512</u> |
| Net Change in Fund Balance | (121,000) | (198,908) | (35,713) | 163,195 |
| Fund Balance - Beginning | <u>121,000</u> | <u>198,908</u> | <u>198,908</u> | <u></u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 163,195</u> | <u>\$ 163,195</u> |

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

BUILDING INSPECTION FUND

| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|------------------------------------|------------------|----------------|--|---|
| | Original | Final | | |
| RECEIPTS | | | | |
| Licenses and Permits | \$ 175,000 | \$ 175,000 | \$ 179,527 | \$ 4,527 |
| Interest | 500 | 500 | 4,957 | 4,457 |
| Total Receipts | <u>175,500</u> | <u>175,500</u> | <u>184,484</u> | <u>8,984</u> |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | <u>225,500</u> | <u>225,500</u> | <u>220,005</u> | <u>5,495</u> |
| Total Disbursements | <u>225,500</u> | <u>225,500</u> | <u>220,005</u> | <u>5,495</u> |
| Net Change in Fund Balance | (50,000) | (50,000) | (35,521) | 14,479 |
| Fund Balance - Beginning | <u>50,000</u> | <u>50,000</u> | <u>93,669</u> | <u>43,669</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 58,148</u> | <u>\$ 58,148</u> |

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

| | AMERICAN RESCUE PLAN ACT FUND | | | |
|--|--------------------------------------|------------------|----------------------------------|--|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Intergovernmental | \$ 6,040,810 | \$ 6,177,064 | \$ 3,230,595 | \$ (2,946,469) |
| Miscellaneous | | | 126 | 126 |
| Interest | | | 218,154 | 218,154 |
| Total Receipts | <u>6,040,810</u> | <u>6,177,064</u> | <u>3,448,875</u> | <u>(2,728,189)</u> |
| DISBURSEMENTS | | | | |
| Capital Projects | | 1,400,300 | 1,024,067 | 376,233 |
| Administration | 6,040,810 | 4,690,510 | | 4,690,510 |
| Total Disbursements | <u>6,040,810</u> | <u>6,090,810</u> | <u>1,024,067</u> | <u>5,066,743</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | <u>86,254</u> | <u>2,424,808</u> | <u>2,338,554</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers To Other Funds | | <u>(4,938)</u> | <u>(160,190)</u> | <u>(155,252)</u> |
| Total Other Adjustments to Cash (Uses) | | <u>(4,938)</u> | <u>(160,190)</u> | <u>(155,252)</u> |
| Net Change in Fund Balance | | 81,316 | 2,264,618 | 2,183,302 |
| Fund Balance - Beginning | | | <u>3,017,922</u> | <u>3,017,922</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 81,316</u> | <u>\$ 5,282,540</u> | <u>\$ 5,201,224</u> |

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

CLERK STORAGE FUND

| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|----------------------------|------------------|---------------|--|---|
| | Original | Final | | |
| | RECEIPTS | | | |
| Miscellaneous | \$ 85,000 | \$ 85,000 | \$ 53,040 | \$ (31,960) |
| Interest | | | 1,258 | 1,258 |
| Total Receipts | <u>85,000</u> | <u>85,000</u> | <u>54,298</u> | <u>(30,702)</u> |
| DISBURSEMENTS | | | | |
| General Government | <u>85,000</u> | <u>85,000</u> | | <u>85,000</u> |
| Total Disbursements | <u>85,000</u> | <u>85,000</u> | | <u>85,000</u> |
| Net Change in Fund Balance | | | 54,298 | 54,298 |
| Fund Balance - Beginning | | | | |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 54,298</u> | <u>\$ 54,298</u> |

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

PUBLIC PROPERTIES CORPORATION
JUSTICE CENTER CAPITAL PRROJECTS FUND

| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|----------------------------|------------------|-------|--|---|
| | Original | Final | | |
| RECEIPTS | | | | |
| Interest | \$ | \$ | \$ 1 | \$ 1 |
| Total Receipts | | | 1 | 1 |
| DISBURSEMENTS | | | | |
| Debt Service | 8 | 8 | | 8 |
| Total Disbursements | 8 | 8 | | 8 |
| Net Change in Fund Balance | (8) | (8) | 1 | 9 |
| Fund Balance - Beginning | 8 | 8 | 8 | |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 9 | \$ 9 |

MARSHALL COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

Note 1. Budgetary Information

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

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

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

Note 2. 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 by \$54,223 due to the payroll revolving account's balance being added to the general fund.

| | |
|---|---------------------|
| Other Adjustments to Cash (Uses) - Budgetary Basis | \$ 3,179,496 |
| To adjust for the change in the payroll revolving account | <u>54,223</u> |
| Total Other Adjustments to Cash (Uses) - Regulatory Basis | <u>\$ 3,233,719</u> |
| Fund Balance - Ending - Budgetary Basis | \$ 5,576,563 |
| To adjust for the change in the payroll revolving account | <u>54,223</u> |
| Total Fund Balance - Ending - Regulatory Basis | <u>\$ 5,630,786</u> |

**MARSHALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

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MARSHALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2023

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity's Identifying Number | Provided to Subrecipient | Total Federal Expenditures |
|---|---|---|-----------------------------|----------------------------------|
| <u>U. S. Department of Treasury</u> | | | | |
| <i>Direct Program</i> | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | | \$ _____ | \$ 1,024,067 |
| Total U.S. Department of Treasury | | | <u>_____</u> | <u>1,024,067</u> |
| <u>U. S. Department of Agriculture</u> | | | | |
| <i>Direct Program</i> | | | | |
| Emergency Watershed Protection Program | 10.923 | | \$ _____ | \$ 69,735 |
| Total U.S. Department of Agriculture | | | <u>_____</u> | <u>69,735</u> |
| <u>U. S. Department of Homeland Security</u> | | | | |
| <i>Passed-Through Kentucky Department of Emergency Management</i> | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 095-2200000870 | \$ _____ | \$ 1,404,749 |
| Emergency Management Performance Grants | 97.042 | 095-2300000859 | _____ | 39,408 |
| Emergency Management Performance Grants | 97.042 | 095-2300001249 | _____ | 27,265 |
| Total U.S. Department of Homeland Security | | | <u>_____</u> | <u>1,471,422</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 0</u> | <u>\$ 2,565,224</u> |

The accompanying notes are an integral part of this schedule.

MARSHALL COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Marshall County, Kentucky under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Marshall County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Marshall County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

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

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

For The Year Ended June 30, 2023

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MARSHALL COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|------------------------------------|--------------------------|-------------------------|-----------------------|--------------------------|
| Construction In Progress | \$ 174,394 | \$ 765,482 | \$ | \$ 939,876 |
| Land and Land Improvement | 2,066,370 | 66,037 | | 2,132,407 |
| Buildings and Building Improvement | 18,049,562 | | | 18,049,562 |
| Vehicles and Equipment | 10,819,154 | 472,322 | 112,189 | 11,179,287 |
| Infrastructure | 31,487,637 | 1,294,290 | | 32,781,927 |
| Total Capital Assets | <u>\$ 62,597,117</u> | <u>\$ 2,598,131</u> | <u>\$ 112,189</u> | <u>\$ 65,083,059</u> |

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

June 30, 2023

Note 1. Capital Assets

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

| | <u>Capitalization Threshold</u> | <u>Useful Life (Years)</u> |
|-------------------------------------|-------------------------------------|--------------------------------|
| Land and Land Improvements | \$ 12,500 | 10-60 |
| Buildings and Building Improvements | \$ 25,000 | 10-75 |
| Vehicles and Equipment | \$ 2,500 | 3-25 |
| Infrastructure | \$ 20,000 | 10-50 |

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Kevin Spraggs, Marshall County Judge/Executive
The Honorable Kevin Neal, Former Marshall County Judge/Executive
Members of the Marshall 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 Marshall County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Marshall County Fiscal Court's financial statement and have issued our report thereon dated July 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Marshall 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 Marshall County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marshall 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 Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 Questioned Costs as items 2023-001, 2023-002, and 2023-003 to be material weaknesses.



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

Report on Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-004 to be a significant deficiency.

Report on Compliance And Other Matters

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

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 24, 2024

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Kevin Spraggs, Marshall County Judge/Executive
The Honorable Kevin Neal, Former Marshall County Judge/Executive
Members of the Marshall County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Marshall County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Marshall County Fiscal Court's major federal programs for the year ended June 30, 2023. The Marshall County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Marshall County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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



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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Marshall County Fiscal Court's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Marshall County Fiscal Court's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Marshall County Fiscal Court's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Marshall County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Marshall County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Marshall County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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

Report on Internal Control Over Compliance (Continued)

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-005 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Marshall County Fiscal Court's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Marshall County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 24, 2024

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

Section I: Summary of Auditor’s Results

Financial Statement

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP:
Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Identification of major programs:

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

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

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

Section II: Financial Statement Findings

2023-001 The Marshall County Fiscal Court Lacks Adequate Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2022-002. The Marshall County Fiscal Court lacks adequate controls over disbursements. Auditors tested 67 disbursements totaling \$5,651,995 which resulted in the following issues:

- 19 disbursements totaling \$1,500,099 did not have a purchase order.
- 15 disbursements totaling \$2,578,542 had a purchase order that was dated after the invoice date.
- Five disbursements totaling \$2,853,681 did not appear to be paid within 30 days due to the invoice not being stamped when received.
- Five disbursements totaling \$14,826 for utilities were not approved by the fiscal court prior to being paid and were not included on the preapproved reoccurring expenses.

According to the county treasurer, they were not aware purchase orders should be issued for all disbursements including utilities and contracted services.

The issues noted above increase the risk of line-items being over budget, claims being paid which are not valid obligations of the fiscal court, and misappropriation of assets. By not paying within 30 working days, invoices could incur finance charges that are not an obligation of the fiscal court. Also, the fiscal court was not in compliance with state laws and their administrative code.

Strong internal controls dictate that purchase orders be approved and issued prior to items being ordered and expenses being incurred, in order to ensure available line-item appropriation exists. In addition, strong internal controls dictate items would be paid within 30 working days to avoid finance charges and that all invoices be approved by fiscal court prior to payment.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a system of uniform accounts. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* states, "[p]urchase requests shall not be approved in an amount that exceeds the available line-item appropriation unless the necessary and appropriate transfers have been made."

In addition, according to a memorandum from the Department for Local Government (DLG) dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*." Furthermore, DLG highly recommends that counties accept the practice of issuing purchase orders for payroll and utility claims.

KRS 65.140(2) states, "[u]nless the purchaser and vendor otherwise contract, all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor."

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

Section II: Financial Statement Findings (Continued)

2023-001 The Marshall County Fiscal Court Lacks Adequate Controls Over Disbursements (Continued)

We recommend the fiscal court strengthen internal controls over the disbursement process by ensuring purchase orders are issued for all disbursements prior to the purchase being made. In addition, we recommend that the fiscal court ensure all disbursements are paid within 30 working days of receipt to avoid incurring finance charges. Also, all disbursements should be approved by the fiscal court prior to approval and receipts attached should be itemized and match the charge exactly.

County Judge/Executive's Response: This finding covers a fiscal year for which the first half concluded prior to Kevin Spraggs' term as County Judge/Executive. Additionally, FY23, as well as the prior year FY22, audits were completed toward the end of FY24 – therefore any auditor recommendations and corrective actions would not be in place for a full year until FY25. This response is in relation to the repeat finding from prior year, FY22, regarding adequate controls over disbursements. This finding includes comments regarding purchase orders, 30 day payment window, and coding of utilities. Purchase Orders were not routinely required for utilities, contracted/bid services, and preapproved recurring expenses. During the course of this and the previous audits, both conducted in fiscal year 2024, procedures have been changed to require purchase orders for these types (and all) payments and ensure purchase orders are opened prior to purchases being made. The court makes every effort to pay invoices prior to 30 day window and will continue to pay accordingly. Department heads are responsible for submitting requisitions electronically into the accounting system to have them approved by the Treasurer's Office prior to purchasing items. Department heads are also responsible for entering invoices electronically into the accounting system to be directed to the Treasurer's Office for approval and payment. Department heads have been/will continue to be reminded about the importance of this process, as well as stamping a "received" date on invoices to note those that are sent late by vendors.

2023-002 The Marshall County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases

This is a repeat finding and was included in the prior year audit report as finding 2023-004. The Marshall County Fiscal Court failed to maintain a complete and accurate schedule of leases for the 2023 fiscal year. This schedule is a required part of the financial statement reporting package required by the Department for Local Government. While the county did maintain a schedule of assets in which they were lessor and lessee, the schedule was not accurate and did not include all of the necessary information. The schedule prepared by the county failed to disclose 43 additional leases and listed no amounts received or paid by the county. Additionally, terms of the leases were not disclosed. During fiscal year 2023, the fiscal court received \$1,000 for property in which they were the lessor and disbursed \$297,728 for various vehicle and equipment leases.

According to the county personnel, they were unaware of all of the required information that was necessary for disclosure in the notes to the financial statement. Because an accurate and complete schedule of leases was not compiled nor maintained, Marshall County was not in compliance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 87.

Statement No. 87 of the GASB establishes standards of accounting and financial reporting for leases by lessees and lessors. The note disclosure requirements of this statement apply to financial statements of all state and local governments and should include the following:

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

Section II: Financial Statement Findings (Continued)

2023-002 The Marshall County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases
(Continued)

- 1) Lessee:
- a) A general description of its leasing arrangements, including (1) the basis, terms, and conditions on which variable payments not included in the measurement of the lease liability are determined and (2) the existence, terms, and conditions of residual value.
 - b) The total amount of lease, principal and interest (*if disclosed in agreement*).
- 2) Lessor:
- a) A general description of its leasing arrangements, including the basis, terms, and conditions.
 - b) The existence, terms, and conditions of options by the lessee to terminate the lease.

Additionally, strong internal controls dictate that the fiscal court maintain a schedule of leases to ensure note disclosures are complete and adequate. We recommend the fiscal court maintain a complete schedule of all leases and follow the standards set forth by GASB 87 to ensure note disclosures are complete and accurate.

County Judge/Executive's Response: This finding covers a fiscal year for which the first half concluded prior to Kevin Spraggs' term as County Judge/Executive. Additionally, FY23, as well as the prior year FY22, audits were completed toward the end of FY24 – therefore any auditor recommendations and corrective actions would not be in place for a full year until FY25. This response is in relation to the repeat finding from prior year, FY22, regarding a complete and accurate schedule of leases. Leases were not previously a requirement for the disclosures of the fiscal court; the FY22 was the first year they have been required and the recommendations of the auditors made on the FY22 audit for correction on lease reporting was not available to the court until the last quarter of FY24. For corrective action plan: the court will maintain a complete schedule of all leases and follow the standards set forth by GASB 87 in the method presented by the auditor.

2023-003 The Marshall County Fiscal Court Lacks Adequate Internal Controls Over The Preparation Of The
Schedule Of Expenditures Of Federal Awards

This is a repeat finding and was included in the prior year audit report as finding 2022-005. The Marshall County Fiscal Court failed to prepare and submit a Schedule of Expenditures of Federal Awards (SEFA) to the Department for Local Government. The SEFA later provided to auditors included an overstatement of \$1,272,182 for the Disaster Grant – Public Assistance Program (FEMA) expenditures.

Based on conversations with county personnel, there was confusion when determining the actual dollar amount of federal expenditures related to the Disaster Grant – Public Assistance Program. The county relied on a third-party company to administer the grant and for guidance in preparing the SEFA. This heavy reliance on the third-party company resulted in the fiscal court not gaining an adequate understanding of what expenditures were considered federal awards. Furthermore, there were not adequate controls put in place by the county to ensure the SEFA's accuracy.

As a result of the errors made and lack of effective operating controls, the original schedule of federal expenditures was materially inaccurate due to the Disaster Grant – Public Assistance Program (FEMA) including expenditures that were not federal expenditures or were only partially reimbursed by federal money. Also, the fiscal court is not in compliance with 2 CFR 200.510(b).

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

Section II: Financial Statement Findings (Continued)

2023-003 The Marshall County Fiscal Court Lacks Adequate Internal Controls Over The Preparation Of The Schedule Of Expenditures Of Federal Awards (Continued)

Strong internal controls over financial reporting are vital in ensuring that federal awards expended are accounted for and reported properly. Strong internal controls are also important in safeguarding the county's assets and those given the responsibility of accounting for them, as well as helping make certain the county complied with all requirements and guidance. Additionally, 2 CFR 200.510(b) states, "[t]he auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended."

We recommend the fiscal court implement or strengthen controls over federal award expenditures reporting to ensure amounts reported represent true federal expenditures during the year.

County Judge/Executive's Response: This finding covers a fiscal year for which the first half concluded prior to Kevin Spraggs' term as County Judge/Executive. Additionally, FY23, as well as the prior year FY22, audits were completed toward the end of FY24 – therefore any auditor recommendations and corrective actions would not be in place for a full year until FY25. This response is in relation to the repeat finding from prior year, FY22, regarding the preparation of the Schedule of Expenditures of Federal Awards. The SEFA was overstated for the Disaster Grant Public Assistance Program FEMA. The Court hired a third party company to administer the grant submissions for the December 2021 Tornado Disaster, and this created a disconnect between the submission process and later reporting process for the SEFA form. At the time that the SEFA was prepared submissions and approvals for FEMA related expenses had just started to occur. All expenses were included in the submission, even those that later were deemed ineligible for FEMA or were determined to be only partially covered by FEMA. There are still expenses as of May 2024 that are in the appeal stage of application for FEMA reimbursement with uncertainty of whether they will be approved with federal funding or will be denied. For the future planning, in the event that another disaster requires the County to contract with another outside agency for FEMA submission, the Court will strengthen the controls in the reporting process as well as seek out guidance from DLG and/or auditors and/or others on accurately reporting partially covered FEMA expenses as well as expenses that are in an 'unknown coverage' state at the time of the SEFA creation.

2023-004 The Marshall County Fiscal Court's Fourth Quarter Financial Statement Was Misstated Due To Inadequate Internal Controls Over Financial Reporting

This is a repeat finding and was included in the prior year audit report as finding 2022-001. The Marshall County Fiscal Court failed to implement adequate internal controls over financial reporting. The fiscal court's fourth quarter financial statement submitted to the Department for Local Government was misstated. This internal control issue is due to the fiscal court not segregating incompatible duties as well as not implementing compensating controls to offset this deficiency. The Marshall County treasurer is required to perform the majority of tasks related to financial reporting, budgeting, and record keeping. Adequate internal controls were not in place to ensure financial reporting was accurate.

Due to the lack of adequate oversight, the following reporting errors were undetected by the fiscal court:

- Budgeted amounts on the fourth quarter financial report were inaccurate. The budget amendment column on the fourth quarter financial statement for the General Fund included \$12,726 more in both receipts and disbursements.

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

Section II: Financial Statement Findings (Continued)

2023-004 The Marshall County Fiscal Court's Fourth Quarter Financial Statement Was Misstated Due To Inadequate Internal Controls Over Financial Reporting (Continued)

- The Marshall County Fiscal Court passed a transient room tax ordinance in September 2013. The ordinance requires the county treasurer to collect a tax to be used for tourism which would be distributed to the tourism board. However, ever since its inception, the tax has been collected directly by the tourism board and not the county treasurer. Therefore, the activity related to the collection and distribution of the tourism tax has not been reported in the county's financial reports. For the 2023 fiscal year, the fourth quarter financial statement was understated by \$362,056 for transient room tax receipts, and transient room tax disbursements were understated by \$328,086. This fund was also not budgeted as required by the Department for Local Government.
- General Fund inter-account transfers totaling \$73,646 were erroneously posted as transfers between funds.

Strong internal controls require all financial statements to be reviewed for accuracy and to ensure all budgeted amounts, funds, and debt obligations bearing the county's name are accounted for appropriately. County Ordinance 2013-008 states, "Each year, the commission will request funds for operations from the Fiscal Court. These funds will be raised by the levying of a transient room tax. [Affected businesses], in Marshall County, Kentucky, must, on or before the twentieth (20th) day of the month following close, file a return with the Treasurer of Marshall County."

KRS 68.020(1) states, "[t]he county treasurer shall receive and receipt for all money due the county from its collecting officers or from any other person whose duty it is to pay money into the county treasury and shall disburse such money in such manner and for such purpose as may be authorized by appropriate authority of the fiscal court. He shall not disburse any money received by him for any purpose other than that for which it was collected and paid over to him, and when he pays out money, he shall take a receipt therefor. All warrants for the payment of funds from the county treasury shall be co-signed by the county treasurer and the county judge/executive. KRS 68.020(4) states, "[h]e shall keep an accurate detailed account of all money received and disbursed by him for the county and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer."

We recommend the fiscal court ensure that internal controls in place over the work performed by the finance office are appropriate and functioning properly. Financial reporting duties should be separated when possible. If segregation of duties is not feasible, compensating controls should be implemented.

County Judge/Executive's Response: This finding covers a fiscal year for which the first half concluded prior to Kevin Spraggs' term as County Judge/Executive. Additionally, FY23, as well as the prior year FY22, audits were completed toward the end of FY24 – therefore any auditor recommendations and corrective actions would not be in place for a full year until FY25. This response is in relation to the repeat finding from prior year, FY22, regarding the Fourth Quarter Financial Statement misstatement. Each bullet will be addressed as follows:

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

Section II: Financial Statement Findings (Continued)

2023-004 The Marshall County Fiscal Court's Fourth Quarter Financial Statement Was Misstated Due To Inadequate Internal Controls Over Financial Reporting (Continued)

County Judge/Executive's Response: (Continued)

- *The "Amended Budget" column on the 4th quarter financial statements was overstated in the general fund. This occurred because of a software transition wherein the new financial accounting software adds to the individual appropriation line budgets any amount needed for prior year encumbrances. Previously to beginning the integration into the new software system, the previous purchasing method did not create an opportunity for encumbrances to carry over to a new fiscal year. The upload method provided by DLG for uploading quarterly reports into the tracking system does not have a separate entry point to record encumbrances by expenditure line that come into the new budget year from the previous year, and they were therefore included in the amended budget column. For the corrective action plan for the future, encumbrances will not be allowed to be carried over from year to year except in unavoidable circumstances. Further, when unavoidable encumbrances are carried forward, a budget amendment will be utilized to incorporate these amounts into the New Year budget.*
- *The Transient Room Tax was not included in the courts budget nor financial statements: The Transient Room Tax Ordinance was passed in 2013 and has never been included in the Fiscal Court's financials as it was provided directly to the Tourism Bureau. For the corrective action plan for the future, the Fiscal Court passed a Budget Amendment at the time this deficiency was relayed to the Treasurer by the audit team, the fund will be included in all future budgets/financials, and is thus, resolved.*
- *Inter account transfers within the general fund were unnecessarily included in regular transfers. These transfers were included in financials at the recommendation of a prior auditor.*

Section III: Federal Award Findings And Questioned Costs

2023-005 The Marshall County Fiscal Court Failed To Implement Adequate Controls Over Federal Expenditures

Federal Program: Assistance Listing #97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disaster)

Award Number and Year: FEMA 4630 - 2023

Name of Federal Agency and Pass-Thru Agency (if applicable): U.S. Department of Homeland Security, Passed Through Kentucky Department of Emergency Management

Compliance Requirements: Activities Allowed & Allowable Costs, Matching, Level of Effort, Earmarking, Period of Performance, Special Tests and Provisions

Type of Finding: Material Weakness

Amount of Questioned Costs: None Noted

Opinion Modification (if applicable): N/A

COVID Related: No

Repeat Finding: Repeat finding of 2022-006

This is a repeat finding and was included in the prior year audit report as finding 2022-006. The Marshall County Fiscal Court failed to implement adequate internal controls over the Disaster Grants – Public Assistance (Presidentially Declared Disaster) (FEMA) program to ensure all compliance requirements are being met and that record keeping was being done correctly.

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

Section III: Federal Award Findings And Questioned Costs (Continued)

2023-005 The Marshall County Fiscal Court Failed To Implement Adequate Controls Over Federal Expenditures
(Continued)

The fiscal court relied on a third-party administrator for the recording of all FEMA project activity. The fiscal court also relied on the third-party to satisfy compliance requirements and failed to establish any review process or independent internal controls that verified that activities performed, and amounts charged to the program were allowable under all applicable compliance requirements. By relying on a third-party administrator's controls, without enacting any internal controls, the county increased the risk of misappropriation of funds, and noncompliance with federal grant guidelines. This could have potentially led to questioned costs that would have to be repaid, and less federal funding in the future. This also resulted in the county's Schedule of Federal Awards and Expenditures (SEFA) being materially misstated, and several schedules and reports being incomplete or inaccurate.

Strong internal controls dictate that the fiscal court should review all federal expenditure documentation and reports to ensure compliance requirements are being met and activities are being completed accurately.

2 CFR 200.303 states "The non-Federal entity must (a): Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

We recommend the fiscal court strengthen internal controls over the federal expenditure process by ensuring all activity related to federal expenditures is reviewed for accuracy and compliance.

County Judge/Executive's Response: This finding covers a fiscal year for which the first half concluded prior to Kevin Spraggs' term as County Judge/Executive. Additionally, FY23, as well as the prior year FY22, audits were completed toward the end of FY24 – therefore any auditor recommendations and corrective actions would not be in place for a full year until FY25. This response is in relation to the repeat finding from prior year, FY22, that the Court failed to implement adequate controls over federal expenditures due to not having purchase orders for the December 2021 Tornado Disaster related expenses and that the third party hired by the court to be administrator for FEMA project activity resulting in a misstated SEFA and inaccurate record keeping. This finding repeats the finding of SEFA misstatement (2022-003). The SEFA was overstated for the Disaster Grant Public Assistance Program FEMA. The Court hired a third party company to administer the grant submissions for the December 2021 Tornado Disaster, and this created a disconnect between the submission process and later reporting process for the SEFA form. At the time that the SEFA was prepared submissions and approvals for FEMA related expenses had just started to occur. All expenses were included in the submission, even those that later were deemed ineligible for FEMA or were determined to be only partially covered by FEMA. There are still expenses as of May 2024 that are in the appeal stage of application for FEMA reimbursement with uncertainty of whether they will be approved with federal funding or will be denied. For the future planning, in the event that another disaster requires the County to contract with another outside agency for FEMA submission, the Court will strengthen the controls in the reporting process as well as seek out guidance from DLG and/or auditors and/or others on accurately reporting partially covered FEMA expenses as well as expenses that are in an 'unknown coverage' state at the time of the SEFA creation. Additionally, the court will comply with auditor recommendations listed with these findings regarding future third party administrators.

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

Section IV: Summary Schedule of Prior Audit Findings

| Finding Number | Prior Year Finding Title | Status | Corrective Action |
|----------------|--|--------------------|---|
| 2022-001 | Marshall County's Fourth Quarter Financial Statement Was Materially Misstated Due To Inadequate Internal Controls Over Financial Reporting | Partially Resolved | FY 2022 audit was not completed until FY 2024, thus could not be addressed completely prior to FY 2023. All corrective action plans are being implemented no later than FY 2024. Many items listed in this finding are already corrected. |
| 2022-002 | The Marshall County Fiscal Court Lacks Adequate Controls Over Disbursements | Unresolved | FY 2022 audit was not completed until FY 2024. Thus could not be addressed completely prior to FY 2023. Adjustments to Purchase Order process have already been implemented in FY 2024. |
| 2022-003 | The Marshall County Fiscal Court Did Not Pay Short Term Debt Obligation Note By End Of Fiscal Year | Resolved | FY 2022 audit was not completed until FY 2024 thus could not be addressed completely prior to FY 2023. For FY 2024, the short term debt vehicle the county used during the Tornado Disaster aftermath is no longer being utilized. |
| 2022-004 | Marshall County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases | Unresolved | FY 2022 audit was not completed until FY 2024, thus could not be addressed prior to FY 2023. For FY 2024, the method for lease reporting will be adjusted. |
| 2022-005 | The Marshall County Fiscal Court Lacks Adequate Internal Controls Over the Preparation of the Schedule Of Expenditures Of Federal Awards | Unresolved | FY 2022 Audit was not completed until FY 2024, thus could not be addressed prior to FY 2023. All corrective action plans are being implemented no later than FY 2024. |
| 2022-006 | The Marshall County Fiscal Court Failed To Implement Adequate Controls Over Federal Expenditures | Partially Resolved | FY 2022 Audit was not completed until FY 2024, thus could not be addressed prior to FY 2023. All corrective action plans are being implemented no later than FY 2024. |

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

MARSHALL COUNTY FISCAL COURT

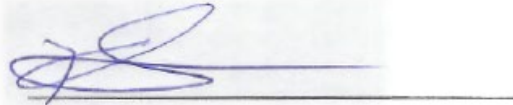
For The Year Ended June 30, 2023

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Marshall 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.



Marshall County Judge/Executive



Marshall County Treasurer