

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

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



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
MCCRACKEN COUNTY OFFICIALS	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS	8
NOTES TO FINANCIAL STATEMENT	13
BUDGETARY COMPARISON SCHEDULES	41
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES	57
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	61
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	62
SCHEDULE OF CAPITAL ASSETS	65
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS	66
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 <i>GOVERNMENT AUDITING STANDARDS</i>	69
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE	73
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	79
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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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 Craig Z. Clymer, McCracken County Judge/Executive
Members of the McCracken 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 McCracken County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the McCracken 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 McCracken 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 McCracken 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 McCracken 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 Craig Z. Clymer, McCracken County Judge/Executive

Members of the McCracken 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 McCracken 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

McCracken 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 McCracken 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 McCracken 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 Craig Z. Clymer, McCracken County Judge/Executive
Members of the McCracken 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 McCracken 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of the McCracken 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 McCracken County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Craig Z. Clymer, McCracken County Judge/Executive
Members of the McCracken County Fiscal Court

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

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

- 2023-001 The McCracken County Fiscal Court Lacks Adequate Internal Controls Over The Schedule Of Expenditures Of Federal Awards
- 2023-002 The McCracken County Fiscal Court Failed To Implement Internal Controls Over Disbursements

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 18, 2024

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

Craig Z. Clymer	County Judge/Executive
Bill Bartleman	Commissioner
Eddie Jones	Commissioner
Jeff Parker	Commissioner (7/1/22 through 12/31/22)
Richard Abraham	Commissioner (1/1/23 through 6/30/23)

Other Elected Officials:

Sam Clymer	County Attorney (Retired 12/16/22)
Daniel Cade Foster	County Attorney (Appointed 12/17/22)
David Knight	Jailer
Julie Griggs	County Clerk (Retired 7/31/22)
Jamie Huskey	County Clerk (Appointed 8/1/22)
Kim Channell	Circuit Court Clerk
Matthew Carter	Sheriff (Retired 7/31/22)
Ryan Norman	Sheriff (Appointed 8/1/22)
Bill Dunn	Property Valuation Administrator
Amanda Melton	Coroner

Appointed Personnel:

Steve Doolittle	Deputy Judge/Executive
Pamela Thompson	County Treasurer
Randy Williams	Road Supervisor

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 20,820,726	\$	\$	\$
In Lieu Tax Payments	1,291,994			
Licenses and Permits	662,001	250		
Intergovernmental	3,607,603	2,232,414	3,720,948	191,326
Charges for Services	46,023		29,856	
Miscellaneous	594,536	38,465	313,407	
Interest	891,659			
Total Receipts	<u>27,914,542</u>	<u>2,271,129</u>	<u>4,064,211</u>	<u>191,326</u>
DISBURSEMENTS				
General Government	4,701,551			
Protection to Persons and Property	1,005,107		5,893,333	
General Health and Sanitation	448,338			
Social Services	48,969			155,000
Recreation and Culture	457,247			
Roads		3,389,930		
Airports	163,900			
Debt Service				
Capital Projects		296,128		
Administration	2,806,463	690,646	2,404,076	
Total Disbursements	<u>9,631,575</u>	<u>4,376,704</u>	<u>8,297,409</u>	<u>155,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>18,282,967</u>	<u>(2,105,575)</u>	<u>(4,233,198)</u>	<u>36,326</u>
Other Adjustments to Cash (Uses)				
Bond Proceeds				
Transfers From Other Funds	7,880,975	2,260,000	4,285,000	
Transfers To Other Funds	(13,255,399)			
Total Other Adjustments to Cash (Uses)	<u>(5,374,424)</u>	<u>2,260,000</u>	<u>4,285,000</u>	
Net Change in Fund Balance	12,908,543	154,425	51,802	36,326
Fund Balance - Beginning (Restated)	<u>13,079,737</u>	<u>82,147</u>	<u>352,746</u>	<u>351,316</u>
Fund Balance - Ending	<u>\$ 25,988,280</u>	<u>\$ 236,572</u>	<u>\$ 404,548</u>	<u>\$ 387,642</u>
Composition of Fund Balance				
Bank Balance	\$ 19,041,750	\$ 238,286	\$ 409,186	\$ 387,642
Less: Outstanding Checks	(82,769)	(1,714)	(4,638)	
Investments	7,029,299			
Fund Balance - Ending	<u>\$ 25,988,280</u>	<u>\$ 236,572</u>	<u>\$ 404,548</u>	<u>\$ 387,642</u>

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

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

Budgeted Funds						
State Grants Fund	Federal Grants Fund	Sports Complex Fund	Sheriff Fund	Economic Assistance Fund	Juvenile Justice Fund	Unclaimed Revenue Fund
\$	\$	\$	\$	\$	\$	\$
192,035	68,867	294,066	2,406,630			
			198,511	332,853		
<u>192,035</u>	<u>68,867</u>	<u>294,069</u>	<u>2,605,141</u>	<u>332,853</u>		
			4,428,238	439,424		
186,375	80,105	588,133				
			2,515,082			
<u>186,375</u>	<u>80,105</u>	<u>588,133</u>	<u>6,943,320</u>	<u>439,424</u>		
5,660	(11,238)	(294,064)	(4,338,179)	(106,571)		
		294,067	4,515,000			(1,454)
		<u>294,067</u>	<u>4,515,000</u>			<u>(1,454)</u>
5,660	(11,238)	3	176,821	(106,571)		(1,454)
<u>43,513</u>	<u>2,951,419</u>	<u>3</u>	<u>175,665</u>	<u>2,148,496</u>		<u>1,454</u>
<u>\$ 49,173</u>	<u>\$ 2,940,181</u>	<u>\$ 3</u>	<u>\$ 352,486</u>	<u>\$ 2,041,925</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 50,448	\$ 3,009,427	\$ 3	\$ 357,044	\$ 2,041,925	\$	\$
(1,275)	(69,246)		(4,558)			
<u>\$ 49,173</u>	<u>\$ 2,940,181</u>	<u>\$ 3</u>	<u>\$ 352,486</u>	<u>\$ 2,041,925</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	<u>Budgeted Funds</u>			
	<u>Transient Room Tax Fund</u>	<u>CC-SB 135 Fund</u>	<u>American Recovery Plan Act Fund</u>	<u>Opioid Settlement Fund</u>
RECEIPTS				
Taxes	\$ 4,671,364	\$	\$	\$
In Lieu Tax Payments				
Licenses and Permits				
Intergovernmental			50,000	
Charges for Services				
Miscellaneous		100,850		156,032
Interest	802	15	355,745	35
Total Receipts	<u>4,672,166</u>	<u>100,865</u>	<u>405,745</u>	<u>156,067</u>
DISBURSEMENTS				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture	3,678,590			
Roads				
Airports				
Debt Service	655,076			
Capital Projects				
Administration				
Total Disbursements	<u>4,333,666</u>			
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>338,500</u>	<u>100,865</u>	<u>405,745</u>	<u>156,067</u>
Other Adjustments to Cash (Uses)				
Bond Proceeds				
Transfers From Other Funds				
Transfers To Other Funds			(7,126,717)	
Total Other Adjustments to Cash (Uses)			<u>(7,126,717)</u>	
Net Change in Fund Balance	338,500	100,865	(6,720,972)	156,067
Fund Balance - Beginning (Restated)	<u>1,127,842</u>		<u>12,719,010</u>	
Fund Balance - Ending	<u>\$ 1,466,342</u>	<u>\$ 100,865</u>	<u>\$ 5,998,038</u>	<u>\$ 156,067</u>
Composition of Fund Balance				
Bank Balance	\$ 1,466,342	\$ 100,865	\$ 5,998,038	\$ 156,067
Less: Outstanding Checks				
Investments				
Fund Balance - Ending	<u>\$ 1,466,342</u>	<u>\$ 100,865</u>	<u>\$ 5,998,038</u>	<u>\$ 156,067</u>

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

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

<u>Budgeted Funds</u>	<u>Unbudgeted Fund</u>	
<u>Debt Service Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
\$	\$	\$ 25,492,090
		1,291,994
		662,251
		12,763,889
		75,879
1,217,820	605,908	3,558,382
3,248	305	1,251,812
<u>1,221,068</u>	<u>606,213</u>	<u>45,096,297</u>
		9,569,213
		6,898,440
		448,338
		470,449
	545,195	5,269,165
		3,389,930
		163,900
2,323,085		2,978,161
		296,128
<u>2,122,595</u>		<u>10,538,862</u>
<u>4,445,680</u>	<u>545,195</u>	<u>40,022,586</u>
<u>(3,224,612)</u>	<u>61,018</u>	<u>5,073,711</u>
3,050,000		3,050,000
2,075,000		21,310,042
<u>(926,472)</u>		<u>(21,310,042)</u>
<u>4,198,528</u>		<u>3,050,000</u>
973,916	61,018	8,123,711
<u>127,257</u>	<u>497,679</u>	<u>33,658,281</u>
<u>\$ 1,101,173</u>	<u>\$ 558,697</u>	<u>\$ 41,781,992</u>
\$ 1,101,173	\$ 559,642	\$ 34,917,838
	(945)	(165,145)
		7,029,299
<u>\$ 1,101,173</u>	<u>\$ 558,697</u>	<u>\$ 41,781,992</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	13
NOTE 2.	DEPOSITS AND INVESTMENTS	17
NOTE 3.	TRANSFERS	20
NOTE 4.	CUSTODIAL FUNDS	21
NOTE 5.	RECEIVABLES	21
NOTE 6.	LEASES	21
NOTE 7.	LONG-TERM DEBT	25
NOTE 8.	COMMITMENTS AND CONTINGENCIES	32
NOTE 9.	EMPLOYEE RETIREMENT SYSTEM	32
NOTE 10.	DEFERRED COMPENSATION	36
NOTE 11.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT	36
NOTE 12.	INSURANCE	36
NOTE 13.	LANDFILL CLOSURE AND POST-CLOSURE COSTS	36
NOTE 14.	RELATED PARTY TRANSACTIONS	37
NOTE 15.	PRIOR PERIOD ADJUSTMENTS	37

MCCRACKEN COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

MCCRACKEN 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)

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

State Grants Fund - The primary purpose of this fund is to account for state grant receipts and state grant disbursements of the county.

Federal Grants Fund - The primary purpose of this fund is to account for federal grant receipts and federal grant disbursements of the county.

Sports Complex Fund - The primary purpose of this fund is to account for receipts and disbursements relating to the construction of the sports complex facility. The primary sources of receipts for this fund are receipts from the City of Paducah, as well as transfers from the general fund and the American Recovery Plan Act fund.

Sheriff Fund - The primary purpose of this fund is to account for the sheriff's receipts and disbursements. The primary source of receipts of this fund is the sheriff's excess fees.

Economic Assistance Fund - The primary purpose of this fund is to account for bond funds used for local industrial projects.

Juvenile Justice Fund - The primary purpose of this fund is to account for housing expenses of the county's juvenile offenders. The primary source of receipts for this fund is transfers from the general fund.

Unclaimed Revenue Fund - The primary purpose of this fund is to account for assets from pauper burials for which the county is responsible.

Transient Room Tax Fund - The primary purpose of this fund is to account for the collection and distribution of transient room tax.

CC-SB135 Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with the preservation of records within the county clerk's recording department. The primary source of receipts of this fund is the county clerk's collection of storage fees.

American Recovery Plan Act Fund - The primary purpose of this fund is to account for funds received from the U.S. Department of Treasury.

Opioid Settlement Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crisis. Receipts of this fund are received from the state as a result of the state's agreement with major opioid manufacturers and distributors.

Debt Service Fund - The primary purpose of this fund is to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest of the public properties corporation. The fiscal court budgeted this fund; however, the state local finance officer does not require it to be budgeted.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted 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.

E. McCracken County Elected Officials

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

Paducah-McCracken County Convention Center and Visitors Bureau
 McCracken County Extension District
 Paducah-McCracken County Joint Sewer Agency
 West McCracken Water/Sewer District
 Paducah-McCracken County Senior Citizens Center
 McCracken County Public Library
 Hendron Fire District
 Concord Fire District
 Lone Oak Fire District
 Melber Fire District
 West McCracken Fire District
 Reidland-Farley Fire District
 McCracken County Sports Tourism Commission
 McCracken County Conservation District
 Barkley Regional Airport Authority

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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Obligations and Joint Ventures (Continued)

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

Greater Paducah Economic Development
 McCracken and Paducah Geographic Information Systems
 Paducah-McCracken County 911
 Paducah-McCracken County Industrial Development Authority

Note 2. Deposits and Investments

A. 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.

B. Investments

As of June 30, 2023, the fiscal court had the following investments and maturities:

Cash and Cash Equivalents:

	<u>Cost Basis</u>
Money Market	<u>\$ 312,663</u>
Total Cash/Cash Equivalents	<u>\$ 312,663</u>

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Type	Cost Basis	Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Asset Backed Securities	\$ 6,716,636	\$ 6,716,636	\$	\$	\$
Total Fund Balance	\$ 6,716,636	\$ 6,716,636	\$ 0	\$ 0	\$ 0

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$6,714,521 of investments in securities held by the counterparties' trust departments in the fiscal court's name. In addition, the SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine bonds.
- 3) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority.

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
 - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years; and
 - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - a. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - b. Have a standard maturity of no more than ten years; and
 - c. Are rated in the three highest rating categories by at least two competent credit rating agencies.

According to KRS 66.480, the fiscal court is limited to investing no more than twenty percent (20%) in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2023, the fiscal court does not have any investments in these categories.

The fiscal court's rated investments, as of June 30, 2023, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

Type	Standard & Poor's/Moody's Credit Ratings					Unrated/NA	Cost Basis
	AAA/Aaa	AA/Aa	A	WR			
Asset Backed Securities	\$ 1,663,802	\$	\$	\$	\$	\$ 5,050,719	\$ 6,714,521
Total Fund Balance	\$ 1,663,802	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,050,719	\$ 6,714,521

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The fiscal court does not have five percent (5%) or more of the fiscal court's investments invested in any single security.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. See table above for investments listed by type and duration.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The fiscal court's policy historically has been to invest only in securities in U.S. denominations.

Note 3. Transfers

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

	General Fund	Unclaimed Revenue Fund	American Recovery Plan Act Fund	Debt Service Fund	Total Transfers In
General Fund	\$	\$ 1,454	\$ 6,953,049	\$ 926,472	\$ 7,880,975
Road Fund	2,260,000				2,260,000
Jail Fund	4,285,000				4,285,000
Sports Complex Fund	120,399		173,668		294,067
Sheriff Fund	4,515,000				4,515,000
Debt Service Fund	2,075,000				2,075,000
Total Transfers Out	<u>\$ 13,255,399</u>	<u>\$ 1,454</u>	<u>\$ 7,126,717</u>	<u>\$ 926,472</u>	<u>\$ 21,310,042</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.

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial 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 \$364,124.

Note 5. Receivables

The McCracken County Fiscal Court has receivables due on June 30, 2023, as follows:

A. General Obligation Bonds, Series 2022A – Murray State Project

On January 5, 2022, McCracken County issued \$4,970,000 in General Obligation Bonds, Series 2022A, for the purpose (i) refunding the county's outstanding General Obligation Bonds, Series 2011 (prior bonds) in advance of maturity, (ii) paying all or a portion of the costs of credit enhancement for the bonds, if any, and (iii) paying all or a portion of the costs of issuance of the bonds. The proceeds of the prior bonds were used (a) to pay the costs of financing the acquisition, construction, installation and equipping of an educational building and associated streets, parking lots, utilities, and infrastructure, and (b) paying costs of issuance of the prior bonds. On November 24, 2021, a mutual covenant was formed between McCracken County (county), the City of Paducah (city), and Murray State University (MSU). Per the covenant, the city issued and delivered a general obligation note to the county on the date the county issued the bonds. Per the note, the city has agreed to pay as and when due and amount not to exceed \$161,426 annually of the debt service on the bonds. It is the responsibility of MSU to make a renewable lease payment to the county, as they may allocate towards the debt service, projected payment to be no more than \$145,683 per year. As of June 30, 2023, the debt service requirements have been met.

B. County Attorney Overcompensation Agreement

On January 7, 2016, the McCracken County Fiscal Court and former county attorneys entered into an agreement for repayment of county attorney overcompensation in the amount of \$138,659. The fiscal court and the former county attorneys agreed and settled upon six-year and eleven-year repayment terms. The fiscal court received \$5,000 during the current year. As of June 30, 2023, the remaining balance was \$12,967.

Note 6. Leases

A. Lessor

1. Court Facilities Office Space

On July 1, 2022, McCracken County began leasing office space to the Administrative Office of the Courts (AOC). The lease is for a one-year term, and McCracken County will receive quarterly payments in the amount of \$50,564. McCracken County recognized \$202,258 in lease revenue during the current fiscal year.

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

Note 6. Leases (Continued)

A. Lessor (Continued)

2. Commonwealth Attorney Office Space

On July 1, 2022, McCracken County began leasing office space to the Commonwealth Attorney's Office. The lease is for a one-year term, and McCracken County will receive quarterly payments in the amount of \$8,917. McCracken County recognized \$35,667 in lease revenue during the current fiscal year.

3. TeleTech Office Building

On October 1, 2019, McCracken County began leasing an office building to TeleTech Services Corporation. The lease is for a five-year term, and McCracken County will receive monthly payments in the amount of \$9,143. McCracken County recognized \$109,721 in lease revenue during the current fiscal year.

4. Bryant Law Office Space

On March 1, 2020, McCracken County began leasing office space to Bryant Law Center. The lease is for a five-year term, and McCracken County will receive monthly payments in the amount of \$850 for the first 24 months, then \$900 for the remaining 36 months. McCracken County recognized \$10,800 in lease revenue during the current fiscal year.

5. Pine Bluff Dredging

On May 11, 2021, McCracken County began leasing a dredging license to Pine Bluff Materials, Co., LLC. The lease is for a five-year term, and McCracken County will receive monthly payments in the amount of \$1,000. McCracken County recognized \$12,000 in lease revenue during the current fiscal year.

6. Cell Tower

On September 14, 1996, McCracken County began leasing land containing a cell tower to Crown Castle. The lease is for a 20-year term with the option to renew for up to two additional terms of five years each. McCracken County will receive an annual payment in the amount of \$8,201. McCracken County recognized \$8,201 in lease revenue during the current fiscal year.

B. Lessee

1. Digital Mailing System

On April 24, 2018, McCracken County entered into a five-year lease agreement with Pitney Bowes for the acquisition and use of a digital mailing system. A lease liability was recorded in the amount of \$1,282 during the current fiscal year, which was the last two quarterly payments of \$641. As of June 30, 2023, the value of the lease had been satisfied.

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

Note 6. Leases (Continued)

B. Lessee (Continued)

2. Copiers for County Clerk's Office

On December 12, 2018, McCracken County entered into a five-year lease agreement with Xerox for the acquisition and use of copiers. A lease liability was recorded in the amount of \$8,641, which is a monthly payment of \$720. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The outstanding balance of the lease is \$4,320.

Fiscal Year Ended June 30	Amount
2024	\$ 4,320
	<u>\$ 4,320</u>

3. Sheriff Equipment

On March 12, 2019, McCracken County entered into a five-year lease agreement with Great America Financial for the acquisition and use of office equipment. A lease liability was recorded in the amount of \$1,667 during the current fiscal year, which is a monthly payment of \$139. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The outstanding balance of the lease is \$1,667.

Fiscal Year Ended June 30	Amount
2024	\$ 1,667
	<u>\$ 1,667</u>

4. Jail Office Equipment

On April 1, 2022, McCracken County entered into a five-year lease agreement with Great America Financial for the acquisition and use of office equipment. A lease liability was recorded in the amount of \$4,606, which is a monthly payment of \$384. As of June 30, 2023, the value of the lease has been satisfied for the current fiscal year. The outstanding balance of the lease is \$18,041.

Fiscal Year Ended June 30	Amount
2024	\$ 4,606
2025	4,606
2026	4,606
2027	<u>4,223</u>
	<u>\$ 18,041</u>

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

Note 6. Leases (Continued)

B. Lessee (Continued)

5. Postage Machine

On July 5, 2022, McCracken County entered into a five-year lease agreement with Pitney Bowes for the acquisition and use of a postage machine. A lease liability was recorded in the amount of \$3,660 during the current fiscal year, which is a quarterly payment of \$915. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The outstanding balance of the lease is \$14,640.

Fiscal Year Ended June 30	Amount
2024	\$ 3,660
2025	3,660
2026	3,660
2027	<u>3,660</u>
	<u>\$ 14,640</u>

6. Postage Machine

On November 28, 2022, McCracken County entered into a five-year lease agreement with Pitney Bowes for the acquisition and use of a postage machine. A lease liability was recorded in the amount of \$1,239 during the current fiscal year, which is the first two quarterly payments of \$620. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The outstanding balance of the lease is \$11,154.

Fiscal Year Ended June 30	Amount
2024	\$ 2,479
2025	2,479
2026	2,479
2027	2,478
2028	<u>1,239</u>
	<u>\$ 11,154</u>

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

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. US Bank Financing Obligation – Energy Efficiency Project

On July 15, 2016, the fiscal court entered into an agreement with U.S. Bancorp Government Leasing and Finance, Inc. in the sum of \$3,149,377 at a 2.19 percent effective interest rate. The financing obligation is for the purpose of providing upgrades to aging HVAC systems, other facility needs, and to reduce operating costs associated with energy efficiency. In the event of default, the lessor may declare all lease payments due, and amounts shall therefore bear interest at the rate of twelve percent (12%) per annum. The lessor may enter the premises were property subject to the property schedule is located and retake possession of the property. The lessor may liquidate the property with the proceeds paying off any outstanding principal, interest, or expenses associated with the property. The maturity date of the obligation is January 1, 2032. As of June 30, 2023, outstanding bond principal was \$2,033,522. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 206,768	\$ 43,408
2025	211,320	38,855
2026	215,974	34,202
2027	220,729	29,446
2028	225,590	24,586
2029-2032	<u>953,141</u>	<u>47,563</u>
Totals	<u>\$ 2,033,522</u>	<u>\$ 218,060</u>

2. Financing Obligation – 2017 Refunding General Obligation Leases

On September 25, 2017, the fiscal court entered into an agreement with Regions Equipment Finance in the sum of \$4,732,537. The financing obligation is for the purpose of partial refinance of the two 2010 KACO leases, in order to provide savings for the county. The maturity date of the obligation is January 1, 2029. Upon the occurrence of an event of default, and as long as the event of default is continuing, lessor may, at its option, exercise any one or more of the following remedies as to the project, to whichever event of default pertains. The lessor may by appropriate court action, enforce the pledge set forth in the ordinance, so that the remaining lease term is levied on all the taxable property in the city, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the lease payments when and as due. The lessor may lease the project or sublease it, holding lessee liable for all lease payments and other payments due during the remaining lease terms. As of June 30, 2023, outstanding principal was \$2,870,224. Future principal and interest requirements are:

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

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Financing Obligation – 2017 Refunding General Obligation Leases (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 696,293	\$ 74,262
2025	710,575	53,821
2026	539,919	34,059
2027	362,567	22,051
2028	371,380	11,395
2029	189,490	1,524
Totals	<u>\$ 2,870,224</u>	<u>\$ 197,112</u>

B. Other Debt

1. General Obligation Bonds, Series 2023A (New Airport Terminal)

On February 9, 2023, the fiscal court sold McCracken County, Kentucky General Obligation Bonds (New Airport Terminal), Series 2023A. The bonds originally totaled \$3,050,000 and the proceeds will be used for (i) financing all or a portion of the costs of the acquisition, construction, installation, and equipping of a new terminal building, aircraft parking apron, taxiway, and related improvements at the Barkley Regional Airport, and (ii) paying all or a portion of the costs of issuance of the bonds. The bonds have an interest rate of 4.05 percent and mature beginning in August 2023 through February 2035. The basic security for the general obligation debt of the county, including the bonds, is the county's ability to levy, an annual tax to pay the principal and interest of the bonds and when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The balance of these bonds as of June 30, 2023, was \$3,050,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 205,000	\$ 120,780
2025	210,000	115,223
2026	220,000	106,717
2027	230,000	97,808
2028	235,000	88,492
2029-2033	1,335,000	291,398
2034-2035	615,000	37,665
Totals	<u>\$ 3,050,000</u>	<u>\$ 858,083</u>

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

Note 7. Long-term Debt (Continued)

B. Other Debt (Continued)

2. General Obligation Refunding Bonds, Series 2022A

On January 5, 2022, the fiscal court issued McCracken County, Kentucky General Obligation Refunding Bonds, Series 2022A. The bonds totaled \$4,970,000, and the proceeds will be used for the purpose of (i) refunding the county's outstanding general obligation bonds, series 2011 (prior bonds) in advance of maturity, (ii) paying all or a portion of the costs of credit enhancement for the bonds, if any, and (iii) paying all or a portion of the costs of issuance of the bonds. The bonds, which are dated January 5, 2022, have interest rates of 4 percent and mature beginning in December 2022 through December 2031. The basic security for the bonds is the county's ability to levy an annual tax to pay the interest on and principal of the bonds as when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof.

A mutual covenant was formed by McCracken County Fiscal Court, the City of Paducah, and Murray State University. The balance of the bonds as of June 30, 2023, was \$4,555,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 425,000	\$ 173,700
2025	445,000	156,300
2026	465,000	138,100
2027	485,000	119,100
2028	505,000	99,300
2029-2032	<u>2,230,000</u>	<u>183,000</u>
Totals	<u>\$ 4,555,000</u>	<u>\$ 869,500</u>

3. General Obligation Bonds, Series 2013A (TeleTech Project)

On June 17, 2013, the fiscal court sold McCracken County, Kentucky General Obligation Bonds, (TeleTech Project), Series 2013A. The bonds originally totaled \$1,415,000, and the proceeds will be used for the purposes of (i) financing the acquisition, construction, installation, and equipping of an approximately 30,000 square foot building, which will be subleased to TeleTech Services Corporation and (ii) paying the costs of issuance of the bonds, which are dated June 17, 2013, have interest rates of one percent (1%) to five percent (5%) and mature beginning in December 2013 through December 2032. The basic security for the general obligation debt of the county including the bonds is the county's ability to levy, and is pledged to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest of an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The balance on these bonds as of June 30, 2023, was \$835,000. Future principal and interest requirements are as follows:

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

Note 7. Long-term Debt (Continued)

B. Other Debt (Continued)

3. General Obligation Bonds, Series 2013A (TeleTech Project) (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 65,000	\$ 38,400
2025	70,000	35,700
2026	70,000	32,900
2027	75,000	29,625
2028	80,000	25,750
2029-2033	<u>475,000</u>	<u>61,875</u>
Totals	<u>\$ 835,000</u>	<u>\$ 224,250</u>

4. General Obligation Bonds, Series 2013B (MACCO Project)

On September 10, 2013, the fiscal court sold McCracken County, Kentucky General Obligation Bonds (Whitehall/MAACO Project), Series 2013B. The bonds originally totaled \$3,015,000 and the proceeds will be used for the purposes of (i) financing improvements to an industrial/distribution facility located within the County (the MAACO Project) to be leased to a Kentucky subsidiary of MAACO Organiques Incorporated, a Canadian corporation, (ii) financing equipment for the use by SRS Industries, LLC d/b/s Whitehall Industries, a Michigan limited liability company, at an industrial/distribution facility located within the county to be leased by such company (the Whitehall Project and together with the MAACO Project, the Project), and (iii) paying the costs of issuing the bonds. The bonds have interest rates of three percent to five percent and mature beginning in March 2014 through September 2033. The fiscal court received a good faith deposit of \$60,300 in September 2013, along with the remainder of the funds. The basic security for the general obligation debt of the county including the bonds is the county's ability to levy, and is pledged to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest of an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The balance of these bonds as of June 30, 2023, was \$1,020,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 255,000	\$ 42,075
2025	60,000	36,750
2026	65,000	33,625
2027	65,000	30,375
2028	70,000	27,000
2029-2033	410,000	76,750
2034	<u>95,000</u>	<u>2,375</u>
Totals	<u>\$ 1,020,000</u>	<u>\$ 248,950</u>

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

Note 7. Long-term Debt (Continued)

B. Other Debt (Continued)

5. First Mortgage Revenue Refunding Bonds, Series 2013

On December 17, 2013, the fiscal court sold McCracken County, Kentucky Public Properties Corporation First Mortgage Revenue Refunding Bonds, Series 2013, (courthouse project) through the McCracken County, Kentucky Public Properties Corporation. The bonds totaled \$3,165,000, and the proceeds were used for the purposes of, (i) refunding all of the outstanding Series 2004 bonds issued by the McCracken County Public Properties Corporation and (ii) paying the cost of issuance on the bonds, which are dated December 17, 2013, have interest rates of one percent to 3.65 percent and mature beginning in June 2014 through June 2027. The county will be in default if any of the following events occur, (i) failure of the principal payment when due or upon call for redemption, (ii) failure to make any interest payment due, (iii) Default in performance or observance of any other of the covenants, agreements or conditions on their part contained in the mortgage or lease, any authorizing resolution of the corporation, the county or AOC, or the bonds, and such failure, refusal or default will continue for a period of 45 days after the written notice thereof by the trustee or by the owners of not less than twenty-five percent (25%) in a principal amount of the outstanding bonds to the corporation, the county or AOC, as applicable. The owners of the bonds remedies in an event of default are the following, (i) foreclose on the mortgage lien on the project site and improvements granted by the mortgage or carry out decretal sale. However, no foreclosure sale will result in a deficiency judgement of any type or in any amount against AOC, the county, or the corporation.

The county may at any time by the discharge of the bonds and interest thereon receive an unencumbered fee simple title to the mortgaged facilities; provided that the event of any such enforcement of said lien by the trustee, there will first be paid all expenses incident to said document, and thereafter the bonds then outstanding will be paid and retired, (ii) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the owners of the bonds, including the right to require the corporation to enforce fully the lease and to charge, collect and fully account for the pledged receipts, and to require the corporation to carry out any and all other covenants or agreements with the bondholders and to perform its duties under the act, (iii) by bringing suit upon the bonds, (iv) by action or suit in equity, require the corporation to account as if it were the trustee of an express trust for the owners of the bonds, (v) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the bonds, (vi) by declaring all bonds due and payable, and if all defaults will be made good, then, with the written consent of the owners of not less than fifty percent in a principal amount of the outstanding bonds are declared due and payable, by selling investment obligations of the corporation (to the extent not theretofore set aside for redemption of the bonds for which call has been made), and enforcing all choices in action of the corporation to the fullest legal extent in the name of the corporation for the use and benefit of the owners of the bonds. As of June 30, 2023, outstanding bond principal was \$710,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 220,000	\$ 18,974
2025	230,000	12,109
2026	235,000	4,725
2027	25,000	453
Totals	<u>\$ 710,000</u>	<u>\$ 36,261</u>

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

Note 7. Long-term Debt (Continued)

B. Other Debt (Continued)

6. Julian Carroll Convention Center – City of Paducah

On January 1, 2017, the McCracken County Fiscal Court (county) issued a note payable to the City of Paducah, Kentucky (city) in the amount of \$1,500,000. The note was authorized for the purpose of paying the county's fifty percent (50%) portion of the lease in order to finance the acquisition, construction, installation and equipping of improvement to the Julian Carroll Convention Center (the project), which is to be owned by the Paducah-McCracken County Convention Center Corporation (the corporation), a non-profit, charitable corporation established at the direction of the city and the county. The lease has an interest rate of 1.98 percent, principal and interest payments are to be made semi-annually beginning July 24, 2017.

The maturity date of the lease is January 24, 2032. This note and the issue of which it forms a part is a general obligation of the county and the full faith, credit, and taxing power of the county are pledged to the payments due hereunder. The note is continually secured by the faith, credit, and taxing power of the county. The balance as of June 30, 2023, was \$1,358,517. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 25,265	\$ 26,771
2025	26,241	26,267
2026	26,071	25,747
2027	203,103	24,348
2028	207,144	20,306
2029-2032	870,693	39,182
Totals	<u>\$ 1,358,517</u>	<u>\$ 162,621</u>

7. Convention Center and Four Rivers Center – City of Paducah

On October 7, 2020, the McCracken County Fiscal Court (county) issued a note payable to the City of Paducah, Kentucky (city) in the amount of \$1,510,000. The note was authorized for the purpose of paying the county's 50 percent portion of the refinancing costs related to the original acquisition, construction, installation and equipping of the expansion to the Julian Carroll Convention Center and the construction of the Julian Carroll Convention Center and the construction of the Four Rivers Center for the Performing Arts (collectively, the project) and paying the county's fifty percent (50%) portion of the costs of issuance by the City of Paducah (the city) of its General Obligation Refunding Bonds, Series 2020B (the city bonds) being issued to refinance the costs of the project.

The note has an interest rate not to exceed three percent (3%) and interest payments are to be made semi-annually beginning December 1, 2020. Principal payments are to be made annually on June 1 with the final payment due June 1, 2026. The balance on the note as of June 30, 2023, was \$780,000.

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

Note 7. Long-term Debt (Continued)

B. Other Debt (Continued)

7. Convention Center and Four Rivers Center – City of Paducah (Continued)

The balance on the note as of June 30, 2023, was \$780,000.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 252,500	\$ 23,400
2025	260,000	15,825
2026	<u>267,500</u>	<u>8,025</u>
Totals	<u>\$ 780,000</u>	<u>\$ 47,250</u>

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	\$ 5,786,743	\$	\$ 882,997	\$ 4,903,746	\$ 903,061
General Obligation Bonds	7,140,000	3,050,000	730,000	9,460,000	950,000
Revenue Bonds	925,000		215,000	710,000	220,000
Notes Payable	2,408,156		269,639	2,138,517	277,765
Total Long-term Debt	<u>\$ 16,259,899</u>	<u>\$ 3,050,000</u>	<u>\$ 2,097,636</u>	<u>\$ 17,212,263</u>	<u>\$ 2,350,826</u>

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

Note 7. Long-term Debt (Continued)

D. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 1,447,765	\$ 444,100	\$ 903,061	\$ 117,670
2025	1,301,241	398,173	921,895	92,676
2026	1,348,571	349,840	755,893	68,261
2027	1,083,103	301,708	583,296	51,497
2028	1,097,144	260,848	596,970	35,982
2029-2033	5,320,693	652,205	1,142,631	49,086
2034-2035	710,000	40,040		
Totals	<u>\$ 12,308,517</u>	<u>\$ 2,446,914</u>	<u>\$ 4,903,746</u>	<u>\$ 415,172</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 \$2,772,868, FY 2022 was \$3,362,890, and FY 2023 was \$3,833,298.

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 six percent (6%) of their salary to be allocated as follows: five percent (5%) will go to the member's account and one percent (1%) will go to the Ky. Ret. Sys. insurance fund.

MCCRACKEN 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 five percent (5%) of their annual creditable compensation. Nonhazardous members also contribute one percent (1%) 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 four percent (4%) 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 eight percent (8%) of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent (9%) of their salary to be allocated as follows: eight percent (8%) will go to the member's account and one percent (1%) 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 eight percent (8%) of their annual creditable compensation and also contribute one percent (1%) 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.

MCCRACKEN 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.

MCCRACKEN 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.

G. 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.

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

Note 10. Deferred Compensation

In November 1982, the McCracken 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 McCracken County Fiscal Court established a health reimbursement account on February 11, 2013, 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 as determined by health insurance coverage each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction. The balance in the health reimbursement account as of June 30, 2023 was \$156,522.

Note 12. Insurance

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

Note 13. Landfill Closure and Post-Closure Costs

The County landfill closed to the public on June 30, 1995. The County must comply with established state and federal landfill closure and post-closure procedures and must perform maintenance and monitoring at the site for thirty years after the closure. The 30-year period will begin upon approval from the Commonwealth of Kentucky regarding the environmental condition of the landfill site. As of June 30, 2023, final approval of the closure had not yet been granted. Closure costs for the fiscal year ended June 30, 2023 were \$4,353.

Estimated post-closure care costs total \$4,125,000 or \$125,000 per year plus ten percent (10%) for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

Note 13. Landfill Closure and Post-Closure Costs (Continued)

McCracken County prepares required financial statements on the regulatory basis of accounting in accordance with the laws of Kentucky, therefore, no liability has been recognized for the closure or post-closure care costs. State and federal laws and regulations require for the fiscal court to provide financial assurance that landfill closure and post-closure care costs are properly funded. In order to meet financial assurance requirements, the fiscal court entered into an inter-local agreement with the City of Paducah, Kentucky to share equally the post-closure costs incurred during the fiscal year.

Note 14. Related Party Transactions

A former county commissioner's son owns the ATM machines that are located in the courthouse. During fiscal year 2023, the former commissioner's son paid the county \$81 in ATM fees.

Note 15. Prior Period Adjustments

	General Fund
Ending Fund Balance Prior Year	\$ 13,077,548
Adjustment:	
Prior Year Voided Checks	<u>2,189</u>
Beginning Fund Balance - Restated	<u>\$ 13,079,737</u>

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

For The Year Ended June 30, 2023

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MCCRACKEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 16,728,000	\$ 16,728,000	\$ 20,820,726	\$ 4,092,726
In Lieu Tax Payments	840,000	840,000	1,291,994	451,994
Licenses and Permits	452,100	452,100	662,001	209,901
Intergovernmental	3,367,480	3,395,375	3,607,603	212,228
Charges for Services	50,000	50,000	46,023	(3,977)
Miscellaneous	498,300	498,300	594,536	96,236
Interest	50,000	50,000	891,659	841,659
Total Receipts	<u>21,985,880</u>	<u>22,013,775</u>	<u>27,914,542</u>	<u>5,900,767</u>
DISBURSEMENTS				
General Government	5,026,205	5,181,581	4,701,551	480,030
Protection to Persons and Property	1,258,108	1,258,108	1,005,107	253,001
General Health and Sanitation	484,053	492,957	448,338	44,619
Social Services	50,000	50,000	48,969	1,031
Recreation and Culture	823,424	823,419	457,247	366,172
Airports	136,000	163,900	163,900	
Bus Services	10,000	10,000		10,000
Administration	3,832,075	3,655,182	2,806,463	848,719
Total Disbursements	<u>11,619,865</u>	<u>11,635,147</u>	<u>9,631,575</u>	<u>2,003,572</u>
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	<u>10,366,015</u>	<u>10,378,628</u>	<u>18,282,967</u>	<u>7,904,339</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			7,880,975	7,880,975
Transfers To Other Funds	<u>(13,801,902)</u>	<u>(13,801,902)</u>	<u>(13,255,399)</u>	<u>546,503</u>
Total Other Adjustments to Cash (Uses)	<u>(13,801,902)</u>	<u>(13,801,902)</u>	<u>(5,374,424)</u>	<u>8,427,478</u>
Net Change in Fund Balance	(3,435,887)	(3,423,274)	12,908,543	16,331,817
Fund Balance - Beginning (Restated)	<u>3,435,887</u>	<u>3,435,887</u>	<u>13,079,737</u>	<u>9,643,850</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 12,613</u>	<u>\$ 25,988,280</u>	<u>\$ 25,975,667</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$	\$	\$ 250	\$ 250
Intergovernmental	2,343,811	2,390,173	2,232,414	(157,759)
Miscellaneous			38,465	38,465
Total Receipts	<u>2,343,811</u>	<u>2,390,173</u>	<u>2,271,129</u>	<u>(119,044)</u>
DISBURSEMENTS				
Roads	3,615,642	3,686,250	3,389,930	296,320
Capital Projects	364,450	340,204	296,128	44,076
Administration	741,665	741,665	690,646	51,019
Total Disbursements	<u>4,721,757</u>	<u>4,768,119</u>	<u>4,376,704</u>	<u>391,415</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,377,946)</u>	<u>(2,377,946)</u>	<u>(2,105,575)</u>	<u>272,371</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,377,946	2,377,946	2,260,000	(117,946)
Total Other Adjustments to Cash (Uses)	<u>2,377,946</u>	<u>2,377,946</u>	<u>2,260,000</u>	<u>(117,946)</u>
Net Change in Fund Balance			154,425	154,425
Fund Balance - Beginning			<u>82,147</u>	<u>82,147</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 236,572</u>	<u>\$ 236,572</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 3,047,000	\$ 3,377,212	\$ 3,720,948	\$ 343,736
Charges for Services	76,500	76,500	29,856	(46,644)
Miscellaneous	405,000	405,000	313,407	(91,593)
Total Receipts	<u>3,528,500</u>	<u>3,858,712</u>	<u>4,064,211</u>	<u>205,499</u>
DISBURSEMENTS				
Protection to Persons and Property	5,775,448	6,115,818	5,893,333	222,485
Administration	<u>2,577,957</u>	<u>2,567,799</u>	<u>2,404,076</u>	<u>163,723</u>
Total Disbursements	<u>8,353,405</u>	<u>8,683,617</u>	<u>8,297,409</u>	<u>386,208</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,824,905)</u>	<u>(4,824,905)</u>	<u>(4,233,198)</u>	<u>591,707</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	4,824,905	4,824,905	4,285,000	(539,905)
Total Other Adjustments to Cash (Uses)	<u>4,824,905</u>	<u>4,824,905</u>	<u>4,285,000</u>	<u>(539,905)</u>
Net Change in Fund Balance			51,802	51,802
Fund Balance - Beginning			<u>352,746</u>	<u>352,746</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 404,548</u>	<u>\$ 404,548</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 191,326	\$ 91,326
Total Receipts	100,000	100,000	191,326	91,326
DISBURSEMENTS				
Social Services	155,000	155,000	155,000	
Administration	200,000	200,000		200,000
Total Disbursements	355,000	355,000	155,000	200,000
Net Change in Fund Balance	(255,000)	(255,000)	36,326	291,326
Fund Balance - Beginning	255,000	255,000	351,316	96,316
Fund Balance - Ending	\$ 0	\$ 0	\$ 387,642	\$ 387,642

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

	STATE GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 32,500	\$ 216,100	\$ 192,035	\$ (24,065)
Total Receipts	<u>32,500</u>	<u>216,100</u>	<u>192,035</u>	<u>(24,065)</u>
DISBURSEMENTS				
Social Services	32,500	216,100	186,375	29,725
Total Disbursements	<u>32,500</u>	<u>216,100</u>	<u>186,375</u>	<u>29,725</u>
Net Change in Fund Balance			5,660	5,660
Fund Balance - Beginning			<u>43,513</u>	<u>43,513</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 49,173</u>	<u>\$ 49,173</u>

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

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 130,000	\$ 130,000	\$ 68,867	\$ (61,133)
Total Receipts	<u>130,000</u>	<u>130,000</u>	<u>68,867</u>	<u>(61,133)</u>
DISBURSEMENTS				
General Government				
Social Services	130,000	130,000	80,105	49,895
Total Disbursements	<u>130,000</u>	<u>130,000</u>	<u>80,105</u>	<u>49,895</u>
Net Change in Fund Balance			(11,238)	(11,238)
Fund Balance - Beginning			<u>2,951,419</u>	<u>2,951,419</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,940,181</u>	<u>\$ 2,940,181</u>

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

SPORTS COMPLEX FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$	\$	\$ 294,066	\$ 294,066
Interest			3	3
Total Receipts			294,069	294,069
DISBURSEMENTS				
Recreation and Culture		588,133	588,133	
Total Disbursements		588,133	588,133	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(588,133)	(294,064)	294,069
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			294,067	294,067
Total Other Adjustments to Cash (Uses)			294,067	294,067
Net Change in Fund Balance		(588,133)	3	588,136
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ (588,133)	\$ 3	\$ 588,136

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

	SHERIFF FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,000,000	\$ 2,240,986	\$ 2,406,630	\$ 165,644
Miscellaneous	16,000	179,592	198,511	18,919
Total Receipts	<u>2,016,000</u>	<u>2,420,578</u>	<u>2,605,141</u>	<u>184,563</u>
DISBURSEMENTS				
General Government	4,118,240	4,545,408	4,428,238	117,170
Administration	2,387,217	2,517,240	2,515,082	2,158
Total Disbursements	<u>6,505,457</u>	<u>7,062,648</u>	<u>6,943,320</u>	<u>119,328</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,489,457)</u>	<u>(4,642,070)</u>	<u>(4,338,179)</u>	<u>303,891</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	4,489,457	4,489,457	4,515,000	25,543
Total Other Adjustments to Cash (Uses)	<u>4,489,457</u>	<u>4,489,457</u>	<u>4,515,000</u>	<u>25,543</u>
Net Change in Fund Balance		(152,613)	176,821	329,434
Fund Balance - Beginning			<u>175,665</u>	<u>175,665</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (152,613)</u>	<u>\$ 352,486</u>	<u>\$ 505,099</u>

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

ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$	\$ 332,853	\$ 332,853
Total Receipts			332,853	332,853
DISBURSEMENTS				
General Government	400,000	439,424	439,424	
Administration	100,000	60,576		60,576
Total Disbursements	500,000	500,000	439,424	60,576
Net Change in Fund Balance	(500,000)	(500,000)	(106,571)	393,429
Fund Balance - Beginning	500,000	500,000	2,148,496	1,648,496
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,041,925	\$ 2,041,925

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

	JUVENILE JUSTICE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
DISBURSEMENTS				
General Government	\$ 35,000	\$ 35,000	\$	\$ 35,000
Administration	10,000	10,000		10,000
Total Disbursements	<u>45,000</u>	<u>45,000</u>		<u>45,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(45,000)</u>	<u>(45,000)</u>		<u>45,000</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	45,000	45,000		(45,000)
Total Other Adjustments to Cash (Uses)	<u>45,000</u>	<u>45,000</u>		<u>(45,000)</u>
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

UNCLAIMED REVENUE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Total Receipts	\$	\$	\$	\$
DISBURSEMENTS				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,454)	(1,454)
Total Other Adjustments to Cash (Uses)			(1,454)	(1,454)
Net Change in Fund Balance			(1,454)	(1,454)
Fund Balance - Beginning			1,454	1,454
Fund Balance - Ending	\$	0	\$	0
	\$	0	\$	0
	\$	0	\$	0

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

	TRANSIENT ROOM TAX FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,067,175	\$ 4,067,175	\$ 4,671,364	\$ 604,189
Interest	500	500	802	302
Total Receipts	<u>4,067,675</u>	<u>4,067,675</u>	<u>4,672,166</u>	<u>604,491</u>
DISBURSEMENTS				
Recreation and Culture	3,253,839	3,678,678	3,678,590	88
Debt Service	655,302	655,302	655,076	226
Administration	158,534	158,109		158,109
Total Disbursements	<u>4,067,675</u>	<u>4,492,089</u>	<u>4,333,666</u>	<u>158,423</u>
Net Change in Fund Balance		(424,414)	338,500	762,914
Fund Balance - Beginning		<u>424,414</u>	<u>1,127,842</u>	<u>703,428</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,466,342</u>	<u>\$ 1,466,342</u>

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

	CC-SB135 FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 140,000	\$ 140,000	\$ 100,850	\$ (39,150)
Interest			15	15
Total Receipts	<u>140,000</u>	<u>140,000</u>	<u>100,865</u>	<u>(39,135)</u>
DISBURSEMENTS				
General Government	<u>140,000</u>			
Total Disbursements	<u>140,000</u>			
Net Change in Fund Balance		140,000	100,865	(39,135)
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 140,000</u>	<u>\$ 100,865</u>	<u>\$ (39,135)</u>

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

	AMERICAN RECOVERY PLAN ACT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$		\$ 50,000	\$ 50,000
Interest		10,000	355,745	345,745
Total Receipts		<u>10,000</u>	<u>405,745</u>	<u>395,745</u>
DISBURSEMENTS				
Administration		4,010,000	3,421,867	3,421,867
Total Disbursements		<u>4,010,000</u>	<u>3,421,867</u>	<u>3,421,867</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(4,000,000)</u>	<u>(3,411,867)</u>	<u>405,745</u> <u>3,817,612</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(7,126,717)	(7,126,717)
Total Other Adjustments to Cash (Uses)			<u>(7,126,717)</u>	<u>(7,126,717)</u>
Net Change in Fund Balance		(4,000,000)	(6,720,972)	(3,309,105)
Fund Balance - Beginning		4,000,000	12,719,010	8,719,010
Fund Balance - Ending	\$	<u>0</u>	<u>\$ 5,998,038</u>	<u>\$ 5,409,905</u>

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

	OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$		\$ 156,032	\$
Interest			35	35
Total Receipts		156,032	156,067	35
DISBURSEMENTS				
Administration		156,032		156,032
Total Disbursements		156,032		156,032
Net Change in Fund Balance			156,067	156,067
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 156,067	\$ 156,067

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

	DEBT SERVICE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 712,831	\$ 712,831	\$ 1,217,820	\$ 504,989
Interest	20	20	3,248	3,228
Total Receipts	<u>712,851</u>	<u>712,851</u>	<u>1,221,068</u>	<u>508,217</u>
DISBURSEMENTS				
Debt Service	2,276,195	2,323,085	2,323,085	
Administration	501,250	3,504,360	2,122,595	1,381,765
Total Disbursements	<u>2,777,445</u>	<u>5,827,445</u>	<u>4,445,680</u>	<u>1,381,765</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,064,594)</u>	<u>(5,114,594)</u>	<u>(3,224,612)</u>	<u>1,889,982</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		3,050,000	3,050,000	
Transfers From Other Funds	2,064,594	2,064,594	2,075,000	10,406
Transfers To Other Funds			(926,472)	(926,472)
Total Other Adjustments to Cash (Uses)	<u>2,064,594</u>	<u>5,114,594</u>	<u>4,198,528</u>	<u>(916,066)</u>
Net Change in Fund Balance			973,916	973,916
Fund Balance - Beginning			<u>127,257</u>	<u>127,257</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,101,173</u>	<u>\$ 1,101,173</u>

MCCRACKEN 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.

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**MCCRACKEN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

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**MCCRACKEN 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		\$	\$ 6,953,049
Total U.S. Department of Treasury			<u>\$ 0</u>	<u>\$ 6,953,049</u>
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Emergency Management</i>				
Emergency Management Performance Grants	97.042	2000000513	\$	\$ 33,230
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A		52,581
Total U.S. Department of Homeland Security			<u>\$ 0</u>	<u>\$ 85,811</u>
<u>U. S. Department of Justice</u>				
<i>Passed-Through Kentucky Department of Justice</i>				
Crime Victim Assistance	16.575	00117/00058	\$	\$ 46,526
Total U.S. Department of Justice			<u>\$ 0</u>	<u>\$ 46,526</u>
Total Expenditures of Federal Awards			<u>\$ 0</u>	<u>\$ 7,085,386</u>

The accompanying notes are an integral part of this schedule.

MCCRACKEN 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 McCracken 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 McCracken County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of McCracken 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

McCracken County has not adopted an indirect cost rate and has not elected to use the ten percent (10%) de minimis indirect cost rate allowed under the Uniform Guidance.

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

For The Year Ended June 30, 2023

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MCCRACKEN 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
Land and Land Improvements	\$ 2,374,951	\$ 483,912	\$	\$ 2,858,863
Construction In Progress	76,281	884,261		960,542
Buildings and Building Improvements	41,203,626	112,555		41,316,181
Vehicles & Equipment	10,137,269	1,234,122	104,669	11,266,722
Infrastructure	100,651,040	1,203,910		101,854,950
 Total Capital Assets	 <u>\$154,443,167</u>	 <u>\$ 3,918,760</u>	 <u>\$ 104,669</u>	 <u>\$158,257,258</u>

MCCRACKEN 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 Improvements	\$ 20,000	20
Buildings and Building Improvements	\$ 20,000	50
Vehicles & Equipment	\$ 10,000	5-10
Infrastructure	\$ 20,000	
Unpaved Roadways		15
Paved Roadways, Subdivision Streets		25
Resurfacing		12
Bridges (All Types)		50
Sidewalks (All Types)		30
Office Equipment	\$ 10,000	5

**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 Craig Z. Clymer, McCracken County Judge/Executive
Members of the McCracken 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 McCracken County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the McCracken County Fiscal Court's financial statement and have issued our report thereon dated March 18, 2024.

Report on Internal Control Over Financial Reporting

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

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 and 2023-002 to be material weaknesses.



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

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the McCracken 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 and 2023-002.

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 18, 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 Craig Z. Clymer, McCracken County Judge/Executive
Members of the McCracken County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the McCracken 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 McCracken County Fiscal Court's major federal programs for the year ended June 30, 2023. The McCracken County Fiscal Court's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, McCracken 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 program 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 McCracken 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 McCracken 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 McCracken 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 McCracken 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 McCracken 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 McCracken 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 McCracken 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 McCracken County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result 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

March 18, 2024

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

For The Year Ended June 30, 2023

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**MCCRACKEN 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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

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

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

Section II: Financial Statement Findings

2023-001 The McCracken County Fiscal Court Lacks Adequate Internal Controls Over The Schedule Of Expenditures Of Federal Awards

McCracken County's schedule of expenditures of federal awards (SEFA) that was submitted to the Department for Local Government reported \$6,953,049 of State and Local Fiscal Recovery Fund (SLFRF) federal expenditures. This amount was declared "lost revenue" by the county, and then \$6,953,049 was transferred from the American Recovery Plan Act Fund to the General Fund on March 3, 2023. When auditors requested support for the amount of SLFRF funds on the SEFA, \$4,711,444 of the SLFRF expenditures were actually paid during the prior fiscal year, causing the fiscal year 2023 federal expenditures to be materially misstated. In January 2024, the county provided auditors with a list of expenditures that were paid from July 2022 through February 2023 that supported the \$6,953,049 of SLFRF expenditures reported on the county's 2023 SEFA.

The original misstatement was due to the county reporting federal expenditures in the amount of "lost revenue" declared by the county, which was based substantially on amounts expended in a previous reporting period. The county did not have effective internal controls over reporting expenditures of federal awards to ensure amounts reported on the SEFA represent actual federal awards expended during the corresponding fiscal year in accordance with 2CFR 200.510(b).

As a result of the lack of effective operating controls, the original SEFA submitted to the Department for Local Government and to auditors was materially misstated and unsupported.

According to 2CFR 200.510(b), "[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."

Strong internal controls over financial reporting are vital in ensuring that federal awards expended are accounted for and reported properly.

We recommend the McCracken County Fiscal Court implement effective internal controls over reporting expenditures of federal awards to ensure amounts reported on the SEFA represent actual federal awards expended during the corresponding fiscal year in accordance with 2CFR 200.510(b).

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: On January 8, 2024, the fiscal court approved an amendment to The Schedule of Expenditures of Federal Awards to include the date range of July 1, 2022 to February 28, 2023.

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

Section II: Financial Statement Findings (Continued)

2023-002 The McCracken County Fiscal Court Failed To Implement Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2022-001. The McCracken County Fiscal Court failed to implement internal controls over disbursements. During our testing of the disbursements of the McCracken County Fiscal Court, we noted the following issues:

- Forty-five out of 102 disbursements tested did not have purchase orders.
- Eleven employees were paid lump sum cell phone stipend payments at a rate of \$40 per month. Cell phone stipend disbursements totaled \$4,400 for the year.
- County commissioners were paid a lump sum internet stipend at a rate of \$25 per month. Internet stipend disbursements totaled \$175 for the year.
- One disbursement was not paid within 30 working days of receiving the invoice.
- Equipment totaling \$69,246 for the sheriff's office was not procured in accordance with the county's administration code.

According to staff, purchase orders are not issued for disbursements less than \$100. Also, purchase orders are not issued for purchases or amounts paid on contracts that have been separately approved by court orders. Furthermore, purchase orders are not issued for medical disbursements because it is not feasible to issue purchase orders for those types of disbursements. Also, according to staff, individuals sometimes make purchases prior to requesting purchase orders. In these instances, the fiscal court will issue payment requests when invoices are received.

In addition, the staff report the cell phone stipend is paid to employees who are required to use their personal cell phones for county business. The other findings occurred due to oversight.

A lack of internal controls over disbursements could result in inaccurate financial reporting, misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court.

Strong internal controls require purchase orders to be requested, approved, and issued prior to items being ordered and expenses being incurred. These controls help ensure that the county will be within budget constraints before any liability is incurred.

Additionally, 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* outlines requirements for counties' handling of public funds, including required purchasing procedures for counties.

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 64.710 states, "[n]o public officer or employee shall receive or be allowed or paid any lump sum expense allowance, or contingent fund for personal or official expenses, except where such allowance or fund either is expressly provided for by statute or is specifically appropriated by the General Assembly."

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

Section II: Financial Statement Findings (Continued)

2023-002 The McCracken County Fiscal Court Failed To Implement Internal Controls Over Disbursements
(Continued)

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.”

McCracken County Administrative Code 4.6(2) states “Any expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than \$30,000.00, with the exception of vehicles which will be \$20,000.00, shall be subject to competitive bidding.”

We recommend the McCracken County Fiscal Court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made. We also recommend the fiscal court comply with the requirements of KRS 64.710 and stop the practice of paying employees a lump sum expense allowance for cell phones and internet service. We also recommend the fiscal court comply with KRS 65.140 by ensuring all invoices are paid within 30 days. Finally, we recommend the fiscal court comply with the procurement requirements as outlined in the McCracken County Administrative Code.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: While the APA's examination did find certain disbursements not accompanied with a purchase order (PO), the county maintains a set of policies and practices to ensure internal controls are adequate. McCracken County embraces the use of PO's as a necessary control on individual departments so that purchases receive prior approval, are properly coded to expenditure accounts, and sufficiency of unencumbered funds is determined.

- 1) *McCracken County, due to its small staff, does not issue PO's for any amount of less \$100.00.*
- 2) *McCracken County does not issue PO's for any accounts approved by DLG per Standing Order. For example, the Fiscal Court approves a budget with an accurate prediction of utility usage and is paid, with Fiscal Court consent as a standing order. It would be redundant and therefore unnecessary work on the Treasurers office to process utility payments with PO's.*
- 3) *McCracken County does not issue PO's for purchases that have been separately approved by court orders. In the future, those orders will include GL account number with sufficient unencumbered balances.*
- 4) *McCracken County does not issue PO's for amounts paid on contracts that have been separately approved by court orders.*
- 5) *McCracken County does not issue PO's where Kentucky Statue mandates these payments.*
- 6) *McCracken County does not issue PO's for reimbursing petty cash funds.*
- 7) *McCracken County does not issue PO's for travel reimbursement.*
- 8) *McCracken County does not issue PO's for jail medical expenses due to the nature of such expenses.*

McCracken County pays certain employees \$40.00 per month as partial reimbursement for business use of their personal cell phone. This is a savings to the county as our plan typically costs about \$100 per month per phone. The county does not view these payments as lump sum payments.

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

Section II: Financial Statement Findings (Continued)

2023-002 The McCracken County Fiscal Court Failed To Implement Internal Controls Over Disbursements
(Continued)

Views of Responsible Official and Planned Corrective Action: (Continued)

County Judge/Executive's Response: (Continued)

McCracken County reimburses the county commissioners \$25.00 per month for use of their personal internet for business purposes. The county does not view these payments as lump sum payments.

The treasurer strives to pay all invoices within 30 days. However, not all invoices come to the treasurer's office. The treasurer has made departments aware of the importance of timely submittal of invoices but will continue her efforts.

The sheriff's office purchase of tasers did not require to be bid on due to incompatibility issues with data if other products were purchased from other vendors. The sheriff's office utilizes several tools from this vendor and they all must work together. The county therefore judged it to be a sole-source vendor.

Auditor's Reply: McCracken County Administrative Code does not authorize the exceptions for issuing purchase orders for any of the reasons listed in the County Judge Executive's response. The Administrative Code states, "All claims for payment from the County shall be filed in writing with the County Judge. Each claim shall be recorded by date, receipt, and purchase order number and presented to the Fiscal Court at its next meeting." Additionally, the Administrative Code calls the payments for cell phones a stipend and reimbursement. The Administrative Code states "This rate is based on what the County would pay if the phones were issued through the County's provider." Since the stipend is not a reimbursement of what the employee paid, it is a lump sum payment. Lastly, the Administrative Code states "Any expenditure or contract for materials, supplies, ... equipment ... involving an expenditure of more than \$30,000.00, ... shall be subject to competitive bidding."

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

Not Applicable.

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

MCCRACKEN COUNTY FISCAL COURT

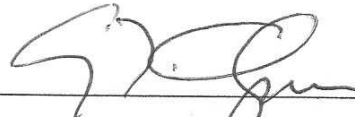
For The Year Ended June 30, 2023

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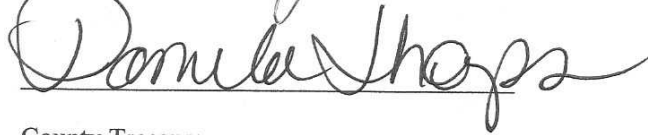
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
MCCRACKEN COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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



County Judge/Executive



County Treasurer