

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

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



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
MEADE COUNTY OFFICIALS.....	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	8
NOTES TO FINANCIAL STATEMENT.....	11
BUDGETARY COMPARISON SCHEDULES.....	25
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	32
SCHEDULE OF CAPITAL ASSETS.....	35
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	36
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>	39
SCHEDULE OF FINDINGS AND RESPONSES.....	43
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

THIS PAGE LEFT BLANK INTENTIONALLY



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 Troy Kok, Meade County Judge/Executive
Members of the Meade 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 Meade County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Meade 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 Meade 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 Meade 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 Meade 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 Troy Kok, Meade County Judge/Executive
Members of the Meade 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 Meade 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

Meade 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 Meade 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 Meade 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 Troy Kok, Meade County Judge/Executive
Members of the Meade 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 Meade County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2024, on our consideration of the Meade 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 Meade 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 Troy Kok, Meade County Judge/Executive
Members of the Meade County Fiscal Court

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

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

2023-001 The Meade County Jail Commissary Fund Annual Financial Statement Presented To The County Treasurer Was Not Prepared As Required By KRS 68.210

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 2, 2024

MEADE COUNTY OFFICIALS
For The Year Ended June 30, 2023

Fiscal Court Members:

Leslie Stith	Former County Judge/Executive
Troy D. Kok	County Judge/Executive
Randall Hardesty	Former Magistrate
Trey Webb	Magistrate
Thomas Goddard	Magistrate
Donald Eli Dix, Jr.	Magistrate
Billy Sipes	Magistrate
Gary Chapman	Magistrate
Steve Waldrip	Magistrate

Other Elected Officials:

Jessica Brown Roberts	Former County Attorney
Sidney Durham	County Attorney
J.J. Scarborough	Jailer
Judy Jordan	Former County Clerk
Susan Masterson	County Clerk
Ellen Lindsey	Circuit Court Clerk
Phillip Wimpee	Sheriff
Rebecca Richardson	Former Property Valuation Administrator
Gabe Chapman	Property Valuation Administrator
William R "Billy" Adams III	Coroner

Appointed Personnel:

Tammy Graham	County Treasurer
Leslie Ory	Finance Officer (July 2022-January 2023)
Vicki Spink	Finance Officer (January 2023-Current)
Mandy Sturgeon	Payroll Officer

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2023

MEADE 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	\$ 6,571,605	\$	\$	\$
In Lieu Tax Payments	325,000			
Excess Fees	284,019			
Licenses and Permits	679,068			
Intergovernmental	298,619	1,949,269	2,048,136	740,393
Charges for Services	1,317,842	3,734	39,233	233,368
Miscellaneous	345,126	7,296	65,739	
Interest	107,660	2,465	3,740	1,171
Total Receipts	<u>9,928,939</u>	<u>1,962,764</u>	<u>2,156,848</u>	<u>974,932</u>
DISBURSEMENTS				
General Government	2,155,852			
Protection to Persons and Property	2,393,519		1,912,574	1,631,140
General Health and Sanitation	156,568			
Social Services	6,073			
Recreation and Culture	348,521			
Transportation Facility and Services		453		
Roads		1,836,032		
Debt Service	65,443			85,251
Administration	2,785,876	400,188	773,182	346,597
Total Disbursements	<u>7,911,852</u>	<u>2,236,673</u>	<u>2,685,756</u>	<u>2,062,988</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,017,087</u>	<u>(273,909)</u>	<u>(528,908)</u>	<u>(1,088,056)</u>
Other Adjustments to Cash (Uses)				
Borrowed Money				503,698
Transfers From Other Funds	1,900		258,635	300,000
Transfers To Other Funds	(1,658,635)	(1,900)		
Total Other Adjustments to Cash (Uses)	<u>(1,656,735)</u>	<u>(1,900)</u>	<u>258,635</u>	<u>803,698</u>
Net Change in Fund Balance	360,352	(275,809)	(270,273)	(284,358)
Fund Balance - Beginning (Restated)	11,173,976	714,963	420,188	590,892
Fund Balance - Ending	<u>\$ 11,534,328</u>	<u>\$ 439,154</u>	<u>\$ 149,915</u>	<u>\$ 306,534</u>
Composition of Fund Balance				
Bank Balance	\$ 11,257,742	\$ 493,975	\$ 158,560	\$ 310,152
Plus: Deposits In Transit	310,128			
Less: Outstanding Checks	(33,542)	(54,821)	(8,645)	(3,618)
Fund Balance - Ending	<u>\$ 11,534,328</u>	<u>\$ 439,154</u>	<u>\$ 149,915</u>	<u>\$ 306,534</u>

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

MEADE 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>Federal Grants Fund</u>	<u>Solid Waste Fund</u>	<u>Special Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
\$	\$ 2,221	\$	\$	\$ 6,573,826
				325,000
				284,019
				679,068
50,270	363,377			5,450,064
	416,305			2,010,482
	1,197,221	49,270	483,918	2,148,570
29,057	1,139			145,232
<u>79,327</u>	<u>1,980,263</u>	<u>49,270</u>	<u>483,918</u>	<u>17,616,261</u>
16,244		8,704		2,180,800
1,625,428				7,562,661
96,000	2,152,429			2,404,997
				6,073
478,470			612,363	1,439,354
				453
				1,836,032
	1,052,177			1,202,871
	325,003			4,630,846
<u>2,216,142</u>	<u>3,529,609</u>	<u>8,704</u>	<u>612,363</u>	<u>21,264,087</u>
<u>(2,136,815)</u>	<u>(1,549,346)</u>	<u>40,566</u>	<u>(128,445)</u>	<u>(3,647,826)</u>
	553,122			1,056,820
	1,100,000			1,660,535
				(1,660,535)
	<u>1,653,122</u>			<u>1,056,820</u>
(2,136,815)	103,776	40,566	(128,445)	(2,591,006)
4,230,986	402,688		247,655	17,781,348
<u>\$ 2,094,171</u>	<u>\$ 506,464</u>	<u>\$ 40,566</u>	<u>\$ 119,210</u>	<u>\$ 15,190,342</u>
\$ 2,108,700	\$ 508,854	\$ 40,566	\$ 128,679	\$ 15,007,228
	2,676			312,804
(14,529)	(5,066)		(9,469)	(129,690)
<u>\$ 2,094,171</u>	<u>\$ 506,464</u>	<u>\$ 40,566</u>	<u>\$ 119,210</u>	<u>\$ 15,190,342</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	11
NOTE 2.	DEPOSITS AND INVESTMENTS.....	13
NOTE 3.	TRANSFERS.....	14
NOTE 4.	CUSTODIAL FUNDS	14
NOTE 5.	LEASES	14
NOTE 6.	SHORT-TERM DEBT	15
NOTE 7.	LONG-TERM DEBT	16
NOTE 8.	CONTINGENCIES	18
NOTE 9.	EMPLOYEE RETIREMENT SYSTEM	18
NOTE 10.	DEFERRED COMPENSATION.....	20
NOTE 11.	INSURANCE.....	20
NOTE 12.	CONDUIT DEBT.....	21
NOTE 13.	PAYMENT IN LIEU OF TAXES AGREEMENT.....	21
NOTE 14.	PRIOR PERIOD ADJUSTMENT	22

**MEADE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

MEADE 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.

Federal Grants Fund - The primary purpose of this fund is to account for federal grants and related disbursements. The primary source of receipts for this fund are grants from the federal government.

Solid Waste Fund - The primary purpose of this fund is to account for receipts and disbursements related to collection of solid waste and recycling services in Meade County.

Special Fund - The primary purpose of this fund is to account for storage fees received by the county clerk and disbursed to the county treasurer, to be held for the county clerk's use and the county to disburse on the clerk's behalf.

Unbudgeted Fund

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Meade County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

Note 2. Deposits

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

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

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

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

Note 3. Transfers

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

	General Fund	Road Fund	Total Transfers In
General Fund	\$	\$ 1,900	\$ 1,900
Jail Fund	258,635		258,635
LGEA Fund	300,000		300,000
Solid Waste Fund	1,100,000		1,100,000
Total Transfers Out	<u>\$ 1,658,635</u>	<u>\$ 1,900</u>	<u>\$ 1,660,535</u>

Reason for transfers:

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2023, was \$1,528.

Note 5. Leases

A. Lessor

1. During the current fiscal year, the Meade County Fiscal Court began leasing an office building to Baptist Health Medical Group, Inc. The lease is for ten years and the Meade County Fiscal Court will receive monthly payments of \$10,546. The Meade County Fiscal Court recognized \$94,916 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Meade County Fiscal Court's receivable for lease payments was \$1,138,995.

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

Note 5. Leases (Continued)

A. Lessor (Continued)

2. During fiscal year 2020, the Meade County Fiscal Court began leasing a tract of land to Kentucky RSA#3 Cellular General Partnership. The Meade County Fiscal Court will receive an annual payment of \$4,800. The Meade County Fiscal Court recognized \$4,800 in lease revenue during the current fiscal year related to this lease.

B. Lessee

During fiscal year 2017, the Meade County Fiscal Court entered into a five-year lease agreement, renewable for three successive five-year terms as lessee for the use of office space at Muldraugh City Hall. As of June 30, 2023, the value of the lease liability was \$78,000. The Meade County Fiscal Court is required to make monthly principal payments of \$500.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 6,000
2025	6,000
2026	6,000
2027	6,000
2028	6,000
2029-2036	48,000
Total Minimum Lease Payments	<u>\$ 78,000</u>

Note 6. Short-term Debt

A. Direct Borrowings

1. Solid Waste Trucks

- i. The Meade County Fiscal Court purchased three solid waste trucks during fiscal year 2022 in the amount of \$476,943. The county financed the purchase with Meade County Bank which originated on September 27, 2021 and had a maturity date of September 27, 2022. The note had an interest rate of 1.750%. In the event of default, the county is to make all, or any part of the amount owed by the terms of the loan immediately due and pay all expenses of collection. The principal balance has been paid in full during FY 2023.
- ii. The Meade County Fiscal Court purchased three solid waste trucks during fiscal year 2023 in the amount of \$553,122. The county financed the purchase with The Cecilian Bank which originated on August 31, 2022 and had a maturity date of June 30, 2023. The note had an interest rate of 3.190%. In the event of default, the county is to make all, or any part of the amount owed by the terms of the loan immediately due and pay all expenses of collection. The principal balance has been paid in full during FY 2023.

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

Note 6. Short-term Debt (Continued)

B. Changes In Short-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 476,943	\$ 553,122	\$1,030,065	\$	\$
Total Short-term Debt	<u>\$ 476,943</u>	<u>\$ 553,122</u>	<u>\$ 1,030,065</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligations-EMS Equipment

On July 5, 2022, the fiscal court entered into a lease agreement with ZOLL Medical Corporation in the amount of \$21,814 to be paid quarterly. The financing obligation was used to purchase EMS equipment. The agreement is secured by the equipment purchased. The maturity date of the obligation is July 5, 2032. The ending balance for the financing obligation as of June 30, 2023 is \$785,322.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30	Principal
2024	\$ 87,258
2025	87,258
2026	87,258
2027	87,258
2028	87,258
2029-2032	<u>349,032</u>
Totals	<u>\$ 785,322</u>

2. Financing Obligations-LGEA Equipment

On July 28, 2022, the fiscal court entered into a lease agreement with Motorola Solutions, Inc in the amount of \$503,698 at a 4.340% fixed interest rate. The financing obligation was used to purchase LGEA equipment. The agreement is secured by the equipment purchased. The maturity date of the obligation is July 1, 2029. The ending balance for the financing obligation as of June 30, 2023 is \$440,747. The future principal and interest lease payments as of June 30, 2023, were as follows:

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

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Financing Obligations-LGEA Equipment (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 65,738	\$ 19,514
2025	68,648	16,603
2026	71,687	13,564
2027	74,861	10,390
2028	78,176	7,076
2029	81,637	3,614
Totals	<u>\$ 440,747</u>	<u>\$ 70,761</u>

B. Changes In Long-term Debt

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

	(Restated *) Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements*	<u>\$ 850,765</u>	<u>\$ 503,698</u>	<u>\$ 128,394</u>	<u>\$ 1,226,069</u>	<u>\$ 152,996</u>
Total Long-term Debt	<u>\$ 850,765</u>	<u>\$ 503,698</u>	<u>\$ 128,394</u>	<u>\$ 1,226,069</u>	<u>\$ 152,996</u>

* The begging balance was restated by \$850,765 due to debt not being included in the prior year audit.

C. 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	Direct Borrowings and Direct Placements	
	Principal	Interest
2024	\$ 152,996	\$ 19,514
2025	155,906	16,603
2026	158,945	13,564
2027	162,119	10,390
2028	165,434	7,076
2029-2032	430,669	3,614
Totals	<u>\$ 1,226,069</u>	<u>\$ 70,761</u>

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

Note 8. Contingencies

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

Note 9. Employee Retirement System

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

The county's contribution for FY 2021 was \$1,203,947, FY 2022 was \$1,605,769, and FY 2023 was \$1,665,261.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent will go to the Ky. Ret. Sys. insurance fund.

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

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

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

MEADE 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.

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.

C. 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.

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

Note 9. Employee Retirement System (Continued)

D. 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.

E. 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.

F. 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.

Note 10. Deferred Compensation

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

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

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

Note 11. Insurance

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

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

Note 12. Conduit Debt

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

Note 13. Payment In Lieu of Taxes Agreement

On December 19, 2019, the county adopted a bond inducement resolution, providing for, among other things, the issuance of taxable industrial building revenue bonds in an aggregate principal amount of up to \$2,500,000,000, in one or more series, for the benefit of Nucor Corporation, pursuant to KRS 103.200 through 103.285, inclusive, to finance the acquisition, construction, installation, and equipping of the project, to acquire title to the project, and to lease said project back to Nucor. The project includes all industrial building facilities to be financed by the bonds, including but not limited to:

- Up to approximately 950 acres of land within the Buttermilk Falls Industrial Park
- An approximately, 1,500,000 square foot manufacturing plant to house the associate fixtures, equipment, and other related property; and
- Fixtures, equipment, and other property related to the manufacture of steel and steel products.

The bonds will be payable solely from payments to be made by the Nucor under the lease agreement and will not be payable from any funds or assets of the county whatsoever. The county will enter into, at the appropriate times, each lease agreement with Nucor under which Nucor, will covenant and agree to pay amounts sufficient to provide for the payment of principal and premium, if any, and interest on the related series of bonds together with all trustee, paying agent, and servicing agent's fees in connection with each such series. The maximum terms of the bonds will be limited to 40 years as authorized by state law.

As a condition to the county's agreement to issue the bonds, Nucor has agreed to make annual payments to the county for the benefit of the school district and the needed improvements to the sewer system. Nucor agrees that in each calendar year during the term of the agreement beginning on or after the first January 1st assessment date following the issuance of the first series of bonds, the company shall pay the county the following base amounts, less an premiums tax credit (defined below), consisting of the school portion (defined below) and the sewer portion (defined below)

Payment Year	Base Amount
Years 1-18	\$325,000
Years 19-30	\$225,000
Years 31-40	\$325,000

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

Note 13. Payment In Lieu of Taxes Agreement (Continued)

The base amounts of the pilot payment were determined based upon an assumed original cost of \$313,000,000 for the real property portion of the project to be financed by the bonds (the "Target"). The base amount shall be reduced by a corresponding percentage amount if (i) the actual original cost of the real property portion of the project financed is less than the target, (ii) there is a loss of all or any portion of the real property portion of the project due to casualty or condemnation that reduces the original cost of the project below the target; and/or (iii) if for any reason the project or any part of the property included within the project is legally placed on the ad valorem tax rolls and the original cost of the real property portion of the project that remains financed by the bonds is less than the target.

Of each pilot payment, the pilot payment for the benefit of the school district shall be \$75,000. The pilot payment for the sewer system shall be the amount of each pilot payment remaining after subtracting the school portion.

The company shall be entitled to a credit against its annual pilot payment equal to the amount of insurance premiums levied by the county pursuant to KRS 91A.080 with respect to premiums paid by the company during the payment year, which credit shall reduce the sewer portion of the pilot payment. Any premiums tax credit unused in a payment year may be carried forward and used in subsequent payment years.

In fiscal year 2023, the pilot payment that was collected by the county was \$325,000.

Note 14. Prior Period Adjustment

Reconciliation of the General Fund:

Fund Balance - Beginning	\$ 11,173,916
Adjustment for voided check	<u>60</u>
Total Fund Balance - Ending	<u>\$ 11,173,976</u>

MEADE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

MEADE 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	\$ 5,805,400	\$ 5,805,400	\$ 6,571,605	\$ 766,205
In Lieu Tax Payments	325,000	325,000	325,000	
Excess Fees	104,800	104,800	284,019	179,219
Licenses and Permits	655,000	655,000	679,068	24,068
Intergovernmental	10,216,350	10,216,350	298,619	(9,917,731)
Charges for Services	1,609,500	1,609,500	1,317,842	(291,658)
Miscellaneous	37,300	37,300	345,126	307,826
Interest	25,000	25,000	107,660	82,660
Total Receipts	<u>18,778,350</u>	<u>18,778,350</u>	<u>9,928,939</u>	<u>(8,849,411)</u>
DISBURSEMENTS				
General Government	3,762,000	3,719,970	2,155,852	1,564,118
Protection to Persons and Property	2,842,300	2,805,807	2,393,519	412,288
General Health and Sanitation	10,390,000	10,390,780	156,568	10,234,212
Social Services	20,500	20,500	6,073	14,427
Recreation and Culture	912,000	924,300	348,521	575,779
Debt Service	470,000	183,443	65,443	118,000
Capital Projects	100,000	100,000		100,000
Administration	2,737,200	3,089,200	2,785,876	303,324
Total Disbursements	<u>21,234,000</u>	<u>21,234,000</u>	<u>7,911,852</u>	<u>13,322,148</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,455,650)</u>	<u>(2,455,650)</u>	<u>2,017,087</u>	<u>4,472,737</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,900	1,900
Transfers To Other Funds	(3,819,200)	(3,819,200)	(1,658,635)	2,160,565
Total Other Adjustments to Cash (Uses)	<u>(3,819,200)</u>	<u>(3,819,200)</u>	<u>(1,656,735)</u>	<u>2,162,465</u>
Net Change in Fund Balance	(6,274,850)	(6,274,850)	360,352	6,635,202
Fund Balance - Beginning (Restated)	<u>6,274,850</u>	<u>6,274,850</u>	<u>11,173,976</u>	<u>4,899,126</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,534,328</u>	<u>\$ 11,534,328</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
In Lieu Tax Payments	\$ 10,000	\$ 10,000	\$	\$ (10,000)
Intergovernmental	2,016,000	2,016,000	1,949,269	(66,731)
Charges for Services	500	500	3,734	3,234
Miscellaneous	16,500	16,500	7,296	(9,204)
Interest	1,500	1,500	2,465	965
Total Receipts	<u>2,044,500</u>	<u>2,044,500</u>	<u>1,962,764</u>	<u>(81,736)</u>
DISBURSEMENTS				
Transportation Facilities and Services	3,000	3,000	453	2,547
Roads	3,185,000	3,185,000	1,836,032	1,348,968
Administration	535,000	535,000	400,188	134,812
Total Disbursements	<u>3,723,000</u>	<u>3,723,000</u>	<u>2,236,673</u>	<u>1,486,327</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,678,500)</u>	<u>(1,678,500)</u>	<u>(273,909)</u>	<u>1,404,591</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,028,500	1,028,500		(1,028,500)
Transfers To Other Funds			(1,900)	(1,900)
Total Other Adjustments to Cash (Uses)	<u>1,028,500</u>	<u>1,028,500</u>	<u>(1,900)</u>	<u>(1,030,400)</u>
Net Change in Fund Balance	(650,000)	(650,000)	(275,809)	374,191
Fund Balance - Beginning	<u>650,000</u>	<u>650,000</u>	<u>714,963</u>	<u>64,963</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 439,154</u>	<u>\$ 439,154</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,924,000	\$ 1,924,000	\$ 2,048,136	\$ 124,136
Charges for Services	70,500	70,500	39,233	(31,267)
Miscellaneous	36,000	36,000	65,739	29,739
Interest	500	500	3,740	3,240
Total Receipts	<u>2,031,000</u>	<u>2,031,000</u>	<u>2,156,848</u>	<u>125,848</u>
DISBURSEMENTS				
Protection to Persons and Property	2,126,600	2,155,600	1,912,574	243,026
Administration	861,100	832,100	773,182	58,918
Total Disbursements	<u>2,987,700</u>	<u>2,987,700</u>	<u>2,685,756</u>	<u>301,944</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(956,700)</u>	<u>(956,700)</u>	<u>(528,908)</u>	<u>427,792</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	756,700	756,700	258,635	(498,065)
Total Other Adjustments to Cash (Uses)	<u>756,700</u>	<u>756,700</u>	<u>258,635</u>	<u>(498,065)</u>
Net Change in Fund Balance	(200,000)	(200,000)	(270,273)	(70,273)
Fund Balance - Beginning	<u>200,000</u>	<u>200,000</u>	<u>420,188</u>	<u>220,188</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 149,915</u>	<u>\$ 149,915</u>

MEADE 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	\$ 1,208,000	\$ 1,208,000	\$ 740,393	\$ (467,607)
Charges for Services	230,000	230,000	233,368	3,368
Interest	500	500	1,171	671
Total Receipts	<u>1,438,500</u>	<u>1,438,500</u>	<u>974,932</u>	<u>(463,568)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,908,000	1,822,749	1,631,140	191,609
Debt Service		85,251	85,251	
Administration	503,500	503,500	346,597	156,903
Total Disbursements	<u>2,411,500</u>	<u>2,411,500</u>	<u>2,062,988</u>	<u>348,512</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(973,000)</u>	<u>(973,000)</u>	<u>(1,088,056)</u>	<u>(115,056)</u>
Other Adjustments to Cash (Uses)				
Borrowed Money			503,698	503,698
Transfers From Other Funds	673,000	673,000	300,000	(373,000)
Total Other Adjustments to Cash (Uses)	<u>673,000</u>	<u>673,000</u>	<u>803,698</u>	<u>130,698</u>
Net Change in Fund Balance	(300,000)	(300,000)	(284,358)	15,642
Fund Balance - Beginning	<u>300,000</u>	<u>300,000</u>	<u>590,892</u>	<u>290,892</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 306,534</u>	<u>\$ 306,534</u>

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

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,774,889	\$ 2,774,889	\$ 50,270	\$ (2,724,619)
Interest	2,400	2,400	29,057	26,657
Total Receipts	<u>2,777,289</u>	<u>2,777,289</u>	<u>79,327</u>	<u>(2,697,962)</u>
DISBURSEMENTS				
General Government	124,000	140,244	16,244	124,000
Protection to Persons and Property	1,696,500	1,696,500	1,625,428	71,072
General Health and Sanitation		98,006	96,000	2,006
Recreation and Culture	175,000	487,434	478,470	8,964
Administration	2,028,289	1,601,605		1,601,605
Total Disbursements	<u>4,023,789</u>	<u>4,023,789</u>	<u>2,216,142</u>	<u>1,807,647</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,246,500)</u>	<u>(1,246,500)</u>	<u>(2,136,815)</u>	<u>(890,315)</u>
Net Change in Fund Balance	(1,246,500)	(1,246,500)	(2,136,815)	(890,315)
Fund Balance - Beginning	<u>1,246,500</u>	<u>1,246,500</u>	<u>4,230,986</u>	<u>2,984,486</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,094,171</u>	<u>\$ 2,094,171</u>

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

	SOLID WASTE FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,000	\$ 1,000	\$ 2,221	\$ 1,221
Intergovernmental	504,000	1,057,122	363,377	(693,745)
Charges for Services	305,000	305,000	416,305	111,305
Miscellaneous	760,500	1,167,800	1,197,221	29,421
Interest	500	500	1,139	639
Total Receipts	<u>1,571,000</u>	<u>2,531,422</u>	<u>1,980,263</u>	<u>(551,159)</u>
DISBURSEMENTS				
General Health and Sanitation	1,908,500	2,451,672	2,152,429	299,243
Debt Service	500,000	1,052,500	1,052,177	323
Capital Projects	163,500	28,250		28,250
Administration	460,000	460,000	325,003	134,997
Total Disbursements	<u>3,032,000</u>	<u>3,992,422</u>	<u>3,529,609</u>	<u>462,813</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,461,000)</u>	<u>(1,461,000)</u>	<u>(1,549,346)</u>	<u>(88,346)</u>
Other Adjustments to Cash (Uses)				
Borrowed Money			553,122	553,122
Transfers From Other Funds	1,361,000	1,361,000	1,100,000	(261,000)
Total Other Adjustments to Cash (Uses)	<u>1,361,000</u>	<u>1,361,000</u>	<u>1,653,122</u>	<u>292,122</u>
Net Change in Fund Balance	(100,000)	(100,000)	103,776	203,776
Fund Balance - Beginning	100,000	100,000	402,688	302,688
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 506,464</u>	<u>\$ 506,464</u>

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

	SPECIAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 63,250	\$ 63,250	\$ 49,270	\$ (13,980)
Total Receipts	<u>63,250</u>	<u>63,250</u>	<u>49,270</u>	<u>(13,980)</u>
DISBURSEMENTS				
General Government	63,250	63,250	8,704	54,546
Total Disbursements	<u>63,250</u>	<u>63,250</u>	<u>8,704</u>	<u>54,546</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>40,566</u>	<u>40,566</u>
Net Change in Fund Balance			<u>40,566</u>	<u>40,566</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,566</u>	<u>\$ 40,566</u>

MEADE 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.

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

For The Year Ended June 30, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

MEADE 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 (Restated)	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 1,811,651	\$	\$	\$ 1,811,651
Buildings and Building Improvements	11,820,369			11,820,369
Vehicles (Restated)	3,916,792	1,102,362	476,943	4,542,211
Machinery and Equipment (Restated)	3,753,418			3,753,418
Infrastructure	9,842,176	352,573		10,194,749
Total Capital Assets	\$ 31,144,406	\$ 1,454,935	\$ 476,943	\$ 32,122,398

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

June 30, 2023

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land and Land Improvements	\$ 5,000	10-60
Buildings and Building Improvements	\$ 5,000	3-75
Vehicles	\$ 5,000	3-25
Machinery and Equipment	\$ 5,000	3-25
Infrastructure	\$ 5,000	10-50

Note 2. Restatement of Capital Assets Beginning Balance

The machinery and equipment beginning balance was restated by (\$55,574) and vehicles by \$45,060 due to errors and omissions in prior years.

**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***

THIS PAGE LEFT BLANK INTENTIONALLY



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 Troy Kok, Meade County Judge/Executive
Members of the Meade 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 Meade County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Meade County Fiscal Court's financial statement and have issued our report thereon dated April 2, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-001 that we consider to be a significant deficiency.



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

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 2, 2024

**MEADE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

**MEADE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY:

2023-001 The Meade County Jail Commissary Fund Annual Financial Statement Presented To The County Treasurer Was Not Prepared As Required By KRS 68.210

This is a repeat finding and was included in the prior year audit report as finding 2022-001. The financial statement prepared by the jailer for the Jail Commissary Fund did not meet the minimum accounting and reporting requirements as prescribed by KRS 68.210. The jail commissary financial statement and bank account utilized by the jailer include both monies received and disbursed for the commissary operations as well as amounts collected from inmates. The daily checkout sheets, receipt ledgers, and disbursements ledgers maintained by the jailer did not separate receipt and disbursement transactions into categories that would allow for the preparation of the Jail Commissary Fund financial statement in accordance with KRS 68.210. Furthermore, this did not allow for the proper segregation of inmate monies and jail commissary monies to be collected and disbursed. The financial statement also did not provide the cash balance of the account, and it did not include the required year to date summary section which should reconcile the bank balance to the cash balance of the financial statement. Therefore, adjustments had to be made to receipts and disbursements on the financial statement in the amount of \$38,873 due to errors listed on the statement that should have been reconciled upon submitting it to the county treasurer.

The jailer failed to follow the guidelines for the preparation of the Jail Commissary Fund accounting records and financial statement as outlined in the Department for Local Government's *Budget Preparation and State and Local Finance Officer Policy Manual*.

By failing to properly report annually to the county treasurer, the Meade County Jail is not in compliance with KRS 68.210. In addition, the financial statement presented to the county treasurer was overstated.

The Department for Local Government's *Budget Preparation and State and Local Finance Officer Policy Manual* outlines the guidelines for minimum accounting and reporting standards as prescribed by the state local finance officer pursuant to KRS 68.210 for jail commissary financial reporting.

We recommend the Meade County Jail maintain records that will allow for proper segregation of inmate and commissary monies collected and disbursed. We also recommend the jailer ensure that the financial statement prepared for the jail commissary and inmate funds follow the requirements of KRS 68.210 as outlined in the Department for Local Government's *Budget Preparation and State and Local Finance Officer Policy Manual*.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: Correction of the end of year report submitted to the County Treasurer will be corrected for the FYE 2024 within guidance from the Exit Auditor on 4/2/2024.

THIS PAGE LEFT BLANK INTENTIONALLY

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

MEADE COUNTY FISCAL COURT

For The Year Ended June 30, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Meade 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.

A handwritten signature in black ink, appearing to read "D. O. Miller", is written over a horizontal line.

County Judge/Executive

A handwritten signature in black ink, appearing to read "Tammy G. Seaman", is written over a horizontal line.

County Treasurer