

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

**For The Year Ended  
June 30, 2020**



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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Rick Stiltner, Menifee County Judge/Executive  
Members of the Menifee County Fiscal Court

**Independent Auditor's Report**

**Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Menifee County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Menifee County Fiscal Court's financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this 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 Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the People of Kentucky  
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### **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 Menifee 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.

### **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 paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Menifee County Fiscal Court as of June 30, 2020, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Menifee County Fiscal Court as of June 30, 2020, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

### **Other Matters**

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Menifee County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) and Schedule of Capital Assets (other information) 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 fairly stated in all material respects in relation to the financial statement as a whole.

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Rick Stiltner, Menifee County Judge/Executive  
Members of the Menifee County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022, on our consideration of the Menifee 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 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 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 Menifee County Fiscal Court's internal control over financial reporting and compliance.

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

- 2020-001 The Menifee County Fiscal Court Did Not Have Effective Internal Controls, Review Procedures, And Oversight For The Budget Process
- 2020-002 The Menifee County Fiscal Court Did Not Properly Account For Lease Proceeds And Debt Payments On The County's Financial Statement

Respectfully submitted,

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

Mike Harmon  
Auditor of Public Accounts

March 3, 2022

**MENIFEE COUNTY OFFICIALS****For The Year Ended June 30, 2020****Fiscal Court Members:**

Rick Stiltner	County Judge/Executive
Rick Bair	Magistrate
Pam Ballard	Magistrate
Forrest Mullins	Magistrate
Rick Peck	Magistrate
Ollie Whitaker	Magistrate

**Other Elected Officials:**

Greg Hall	County Attorney
Eddie Maze	Jailer
Krystal Chapman	County Clerk
Donnie Harper	Circuit Court Clerk
Roger Smallwood	Sheriff
Jim Lawson	Property Valuation Administrator
Melody Smallwood	Coroner

**Appointed Personnel:**

Belinda Hurt	County Treasurer
Christine Johnson	Chief Financial Officer

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

**For The Year Ended June 30, 2020**

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

**For The Year Ended June 30, 2020**

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 1,151,618	\$	\$	\$
In Lieu Tax Payments	79,175	93,633		
Excess Fees	56,404			
Intergovernmental	122,617	1,156,773	87,340	179,573
Charges for Services	190,392			
Miscellaneous	93,454	21,288		
Interest	337	387	33	160
Total Receipts	<u>1,693,997</u>	<u>1,272,081</u>	<u>87,373</u>	<u>179,733</u>
<b>DISBURSEMENTS</b>				
General Government	658,731			54,269
Protection to Persons and Property	23,325		159,431	32,349
General Health and Sanitation	353,048	83,450		14,000
Social Services	14,122			2,500
Recreation and Culture				85,032
Roads		919,146		
Debt Service	166,164	27,408		
Administration	457,118	198,633	27,423	
Total Disbursements	<u>1,672,508</u>	<u>1,228,637</u>	<u>186,854</u>	<u>188,150</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>21,489</u>	<u>43,444</u>	<u>(99,481)</u>	<u>(8,417)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Direct Borrowing Proceeds		166,365		
Transfers From Other Funds	546,805		110,000	150,000
Transfers To Other Funds	(498,827)	(289,564)		
Total Other Adjustments to Cash (Uses)	<u>47,978</u>	<u>(123,199)</u>	<u>110,000</u>	<u>150,000</u>
Net Change in Fund Balance	69,467	(79,755)	10,519	141,583
Fund Balance - Beginning	367,429	264,813	11,105	20,198
Fund Balance - Ending	<u>\$ 436,896</u>	<u>\$ 185,058</u>	<u>\$ 21,624</u>	<u>\$ 161,781</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 443,894	\$ 195,527	\$ 21,659	\$ 161,781
Less: Outstanding Checks	(6,998)	(10,469)	(35)	
Fund Balance - Ending	<u>\$ 436,896</u>	<u>\$ 185,058</u>	<u>\$ 21,624</u>	<u>\$ 161,781</u>

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

**MENIFEE COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2020**  
**(Continued)**

Budgeted Funds							
Ambulance Debt Service Fund	Parks Fund	Wellness Fund	Building Commission Fund	Sanitation District Operating Fund	Sanitation District Depreciation Reserve Fund	Sanitation District Sinking Fund	CDBG Fund
\$	\$	\$	\$	\$	\$	\$	\$
							77,000
	5,300	140		42,295			
25,960	16,877	7,210	238,350				
	7	17					
25,960	22,184	7,367	238,350	42,295			77,000
			46,810	37,018			
		1,167					
	38,329						
25,960			197,038			6,009	
	2,508	145	1,450				
25,960	40,837	1,312	245,298	37,018		6,009	
	(18,653)	6,055	(6,948)	5,277		(6,009)	77,000
	10,000	22,414	214,133	17,082	540	4,770	
		(54,835)	(212,406)	(5,310)	(6,410)	(5,672)	
	10,000	(32,421)	1,727	11,772	(5,870)	(902)	
	(8,653)	(26,366)	(5,221)	17,049	(5,870)	(6,911)	77,000
	17,197	26,366	5,221	3,377	5,870	6,911	
\$ 0	\$ 8,544	\$ 0	\$ 0	\$ 20,426	\$ 0	\$ 0	\$ 77,000
\$	\$ 8,544	\$	\$	\$ 20,426	\$		\$ 77,000
\$ 0	\$ 8,544	\$ 0	\$ 0	\$ 20,426	\$ 0	\$ 0	\$ 77,000

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

**MENIFEE COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2020**  
**(Continued)**

	<b>Budgeted Funds</b>		<b>Unbudgeted Funds</b>		
	<b>911 Fund</b>	<b>Nursing Home Sinking Fund</b>	<b>Federal Grants Fund</b>	<b>Public Properties Corporation Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>					
Taxes	\$ 61,793	\$	\$	\$	\$ 1,213,411
In Lieu Tax Payments					172,808
Excess Fees					56,404
Intergovernmental	171,083		7,680	187,000	1,989,066
Charges for Services					238,127
Miscellaneous	479	339,759			743,377
Interest	33	55		32	1,061
Total Receipts	<u>233,388</u>	<u>339,814</u>	<u>7,680</u>	<u>187,032</u>	<u>4,414,254</u>
<b>DISBURSEMENTS</b>					
General Government					796,828
Protection to Persons and Property	260,631				475,736
General Health and Sanitation					451,665
Social Services					16,622
Recreation and Culture					123,361
Roads					919,146
Debt Service		339,359		187,000	948,938
Administration	102,662	21,000			810,939
Total Disbursements	<u>363,293</u>	<u>360,359</u>		<u>187,000</u>	<u>4,543,235</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(129,905)</u>	<u>(20,545)</u>	<u>7,680</u>	<u>32</u>	<u>(128,981)</u>
<b>Other Adjustments to Cash (Uses)</b>					
Direct Borrowing Proceeds		200,000			366,365
Transfers From Other Funds	147,280				1,223,024
Transfers To Other Funds		(150,000)			(1,223,024)
Total Other Adjustments to Cash (Uses)	<u>147,280</u>	<u>50,000</u>			<u>366,365</u>
Net Change in Fund Balance	17,375	29,455	7,680	32	237,384
Fund Balance - Beginning	20,070	41,103		5,957	795,617
Fund Balance - Ending	<u>\$ 37,445</u>	<u>\$ 70,558</u>	<u>\$ 7,680</u>	<u>\$ 5,989</u>	<u>\$ 1,033,001</u>
<b>Composition of Fund Balance</b>					
Bank Balance	\$ 37,670	\$ 70,558	\$ 7,680	\$ 5,989	\$ 1,050,728
Less: Outstanding Checks	(225)				(17,727)
Fund Balance - Ending	<u>\$ 37,445</u>	<u>\$ 70,558</u>	<u>\$ 7,680</u>	<u>\$ 5,989</u>	<u>\$ 1,033,001</u>

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

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TO THE FINANCIAL STATEMENT**

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**MENIFEE COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2020**

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

**A. Reporting Entity**

The financial statement of Menifee County includes all budgeted and unbudgeted funds under the control of the Menifee 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 as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

The Menifee County Nursing Home Corporation would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they are no longer required components of the reporting entity. Audits can be obtained from the Menifee County Fiscal Court at P.O. Box 105, Frenchburg, KY 40322.

**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.

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

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

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

**Budgeted Funds (Continued)**

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

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

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.

Ambulance Debt Service Fund - The primary purpose of this fund is to account for reimbursements from the ambulance district for debt paid by the county on behalf of the entity.

Parks Fund - The primary purpose of this fund is to account for county park receipts. The primary source of receipts for this fund is charges for the use of the county pool.

Wellness Fund - The primary purpose of this fund is to account for community center expenses. The primary source of receipts for this fund is transfers from the general fund.

Building Commission Fund - The primary purpose of this fund is to account for rental of a county owned building. The primary source of receipts for this fund is rental receipts.

Sanitation District Operating Fund - The primary purpose of this fund is to account for sanitation district operations. The primary source of receipts for this fund is charges for sewer service.

Sanitation District Depreciation Reserve Fund - The primary purpose of this fund is upkeep and repair of sanitation district property. The primary source of receipts is transfers from the sanitation district operating fund and the general fund.

Sanitation District Sinking Fund - The primary purpose of this fund is the payment of sanitation district debt service. The primary source of receipts is transfers from the sanitation district operating fund and the general fund.

CDBG Fund - The primary purpose of this fund is to account for federal Community Development Block Grants and related expenditures.

911 Fund - This fund accounts for receipts and disbursements of the emergency dispatch service. The primary source of receipts is telecommunication tax.

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

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

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

**Budgeted Funds (Continued)**

Nursing Home Sinking Fund - This fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest. The primary source of receipts is the monthly payment from Menifee County Nursing Home Corporation in agreement with the refinancing of nursing home bonds.

**Unbudgeted Funds**

Federal Grants Fund The primary purpose of this fund is to account for federal grants and related expenditures. Funds were received at year end, not allowing sufficient time to amend the budget to include this fund.

Public Properties Corporation Fund - This fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

**D. Budgetary Information**

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

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 public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Menifee County Elected Officials**

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

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

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(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.

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2020.

	General Fund	Road Fund	Nursing Home Fund	Wellness Fund	Building Commission Fund	Sanitation District Operating Fund	Sanitation District Depreciation Fund	Sanitation District Sinking Fund	Total Transfers In
General Fund	\$	\$ 289,564		\$ 44,835	\$ 212,406				\$ 546,805
Jail Fund	110,000								110,000
LGEA Fund			150,000						150,000
Parks Fund	10,000								10,000
Wellness Fund	22,414								22,414
Building Commission Fund	204,133			10,000					214,133
Sanitation District Operating Fund	5,000						6,410	5,672	17,082
Sanitation District Depreciation Reserve Fund						540			540
Sanitation District Sinking Fund						4,770			4,770
911 Fund	147,280								147,280
Total Transfers Out	\$ 498,827	\$ 289,564	\$ 150,000	\$ 54,835	\$ 212,406	\$ 5,310	\$ 6,410	\$ 5,672	\$ 1,223,024

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. Short-term Debt**

A. On July 1, 2019, the Menifee County Fiscal Court entered into a short-term loan agreement totaling \$200,000 with Traditional Bank for operating expenses of the nursing home. As of June 30, 2020, the loan was paid in full.

B. Changes in Short-Term Debt

Short-term borrowing activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Line of Credit	\$	\$ 200,000	\$ 200,000	\$	\$
Total Short-term Debt	\$ 0	\$ 200,000	\$ 200,000	\$ 0	\$ 0

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 5. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. KADD Lease**

On July 12, 2001, the Menifee County Fiscal Court entered into a financing obligation agreement with the Kentucky Area Development District (KADD) Financing Trust in the amount of \$910,000. The agreement requires two semi-annual interest payments in January and July of each year commencing January 20, 2012. Principal payments are due in July of each year commencing July 20, 2013, to be paid in full July 20, 2026. In the event of default, the lessor may require the entity to impose an annual tax on all taxable property equal to an amount sufficient to satisfy the annual payments set forth in the terms of the agreement. As of June 30, 2020, the principal balance remaining was \$525,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 65,000	\$ 25,613
2022	70,000	22,575
2023	70,000	19,250
2024	75,000	15,625
2025	80,000	6,250
2026-2027	165,000	16,125
Totals	<u>\$ 525,000</u>	<u>\$ 105,438</u>

**2. Senior Citizens Building**

On February 24, 2015, the Menifee County Fiscal Court entered into an agreement with Kentucky Association of Counties Finance Corporation for the acquisition, construction, and equipping of a senior citizens center in the amount of \$130,000 at an interest rate of 8.486%. As of June 30, 2020, the agreement was paid in full.

**3. Ambulance**

On June 27, 2017, the Menifee County Fiscal Court entered into an agreement for the purchase of an ambulance in the amount of \$119,212 at an interest rate of 3.4%. The agreement requires monthly principal and interest payments for five years. The asset was used as collateral to secure the agreement. Consequently, default of the terms or early termination of the agreement requires the county to surrender title and possession of the equipment. As of June 30, 2020, the principal balance remaining was \$21,300. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 21,300	\$ 333
Totals	<u>\$ 21,300</u>	<u>\$ 333</u>

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

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

**4. Debt Consolidation - General Obligation Note Series 2017A**

On June 27, 2017, the Menifee County Fiscal Court entered into General Obligation Note Taxable Series 2017A with a local bank in the amount of \$192,981 at a fixed interest rate of 4.75% for the purpose of debt consolidation. Principal and interest payments are required quarterly on the last day of March, June, September, and December commencing on September 30, 2017 until the final maturity date of June 30, 2022. The full faith, credit, and taxing power of the county was irrevocably pledged to ensure prompt payment of principal and interest payments when due. In the event of default, the noteholder retains the right to pursue legal action against the county. The county made additional payments in fiscal year 2020 and as of June 30, 2020, the agreement was paid in full.

**5. Debt Consolidation - General Obligation Note Series 2017B**

On June 27, 2017, the Menifee County Fiscal Court entered into General Obligation Note Taxable Series 2017A with a local bank in the amount of \$185,656 at a fixed interest rate of 3.1% for the purpose of debt consolidation. Principal and interest payments are required quarterly on the last day of March, June, September, and December commencing on September 30, 2017 until the final maturity date of June 30, 2022. The full faith, credit, and taxing power of the county was irrevocably pledged to ensure prompt payment of principal and interest payments when due. In the event of default, the noteholder retains the right to pursue legal action against the county. As of June 30, 2020, the principal balance remaining was \$62,346. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2021	\$ 38,790	\$ 1,495
2022	<u>23,556</u>	<u>323</u>
Totals	<u>\$ 62,346</u>	<u>\$ 1,818</u>

**6. Menifee County Nursing Home Corporation**

On July 5, 2018, the Menifee County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust for the purpose of refinancing Rural Development bonds on behalf of the Menifee County Nursing Home Corporation in the amount of \$1,240,000 with an interest rate of 3.13%. The agreement requires yearly principal and interest payments commencing on January 1, 2019 to be paid in full on January 1, 2030. In the event of default, the lessor may: a) enforce the pledge set forth in the agreement to require a tax levied on all taxable property of the lessee – in addition to other taxes without limitations as to rate or amount – a direct tax annually in an amount sufficient to pay lease payment as required by the agreement; b) take legal title to, and sell or re-lease the project or any portion thereof; c) to take whatever action at law or in equity to enforce the rights of the lessor under the terms of the lease. As of June 30, 2020, the principal balance remaining was \$1,085,000. Future principal and interest requirements are:

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

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

**6. Menifee County Nursing Home Corporation (Continued)**

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2021	\$ 85,000	\$ 53,784
2022	90,000	49,321
2023	95,000	44,596
2024	100,000	39,609
2025	105,000	34,359
2026-2030	<u>610,000</u>	<u>90,675</u>
Totals	<u>\$ 1,085,000</u>	<u>\$ 312,344</u>

**7. 2019 Ford F-150 Crew 4x4**

On September 24, 2019, the Menifee County Fiscal Court entered into a lease purchase agreement in the amount of \$31,512 with Ford Motor Credit Company LLC for the purchase of a vehicle. The agreement requires monthly principal and interest payments for 60 months at an interest rate of 5.75 percent. The vehicle is collateral for the agreement and, in the event of default, the lessor may declare all amounts due on the agreement immediately due and payable. The lessor may also retake possession of the vehicle to sell or re-lease the vehicle. The lessee is responsible for the difference between any amounts received for subsequent sale or lease of the equipment and the amount remaining on the lessee's agreement as well as any legal, transport, delivery, and other fees incurred during this process as outlined in the terms of the agreement. As of June 30, 2020, the principal balance remaining was \$25,541. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2021	\$ 5,849	\$ 1,344
2022	6,193	1,000
2023	6,557	637
2024	<u>6,942</u>	<u>251</u>
Totals	<u>\$ 25,541</u>	<u>\$ 3,232</u>

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

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

**8. 2019 Ford F-650**

On December 9, 2019, the Menifee County Fiscal Court entered into a lease purchase agreement in the amount of \$84,527 with Ford Motor Credit Company LLC for the purchase of a truck with dump bed. The agreement requires monthly principal and interest payments for 60 months at an interest rate of 5.75 percent. The vehicle is collateral for the agreement and, in the event of default, the lessor may declare all amounts due on the agreement immediately due and payable. The lessor may also retake possession of the vehicle to sell or re-lease the vehicle. The lessee is responsible for the difference between any amounts received for subsequent sale or lease of the equipment and the amount remaining on the lessee's agreement as well as any legal, transport, delivery, and other fees incurred during this process as outlined in the terms of the agreement. As of June 30, 2020, the principal balance remaining was \$72,294. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 15,467	\$ 3,827
2022	16,376	2,919
2023	17,338	1,956
2024	18,357	938
2025	4,756	68
Totals	<u>\$ 72,294</u>	<u>\$ 9,708</u>

**9. 2020 Ford F-350**

On February 20, 2020, the Menifee County Fiscal Court entered into a lease purchase agreement in the amount of \$50,326 with Ford Motor Credit Company LLC for the purchase of a truck with dump bed. The agreement requires monthly principal and interest payments for 60 months at an interest rate of 5.75 percent. The vehicle is collateral for the agreement and, in the event of default, the lessor may declare all amounts due on the agreement immediately due and payable. The lessor may also retake possession of the vehicle to sell or re-lease the vehicle. The lessee is responsible for the difference between any amounts received for subsequent sale or lease of the equipment and the amount remaining on the lessee's agreement as well as any legal, transport, delivery, and other fees incurred during this process as outlined in the terms of the agreement. As of June 30, 2020, the principal balance remaining was \$45,264. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 9,078	\$ 2,409
2022	9,613	1,876
2023	10,176	1,311
2024	10,774	713
2025	5,623	162
Totals	<u>\$ 45,264</u>	<u>\$ 6,471</u>

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

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

**10. Line of Credit**

During fiscal year 2020, the fiscal court maintained a line of credit for \$200,000 with a local bank that was used for short term borrowings on behalf of other governmental agencies. See short term debt note for more information. The entire amount of the line of credit was used and paid off during the year.

**B. Other Debt**

**1. First Mortgage Refunding Revenue Bonds, Series 2014**

On December 30, 2014, the Menifee County Public Properties Corporation issued \$2,130,000 of First Mortgage Refunding Revenue Bonds, Series 2014, for the purpose of defeasing a prior bond issue. Interest on the bonds is payable semi-annually on March 1 and September 1 of each year commencing March 1, 2015 at interest rates of 1.05% to 3.25%. Principal payments are payable annually commencing March 1, 2017. The fiscal court has entered into a lease agreement with the Administrative Office of the Courts (AOC) for AOC to provide use allowance payments equal to the annual debt service requirements.

In the event of default, the following remedies are available to the owners of the bonds: a) by enforcement of the foreclosable mortgage lien on the project site and improvements granted by the mortgage, and in such event the trustee will take over possession, custody and control of the project and will operate or carry out decretal sale of same with due regard to state and federal law and the covenants contained in the lease for the benefit of the owners of the bonds. Provided, however, that no such foreclosure sale will result in a deficiency judgment of any type or in any amount against AOC, the county or the corporation, and until such sale the county may at any time by the discharge of the bonds and interest and any premium thereon receive an unencumbered fee simple title to the mortgaged facilities; provided that in 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; b) 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; c) bring suit upon the bonds; d) 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; e) 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; f) 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 twenty-five percent (25%) in a principal amount of the outstanding bonds, by annulling such declaration and its consequences; and g) in the event that all 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 chooses 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, 2020, the principal balance remaining was \$1,605,000. Future principal and interest requirements are:

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

**1. First Mortgage Refunding Revenue Bonds, Series 2014 (Continued)**

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2021	\$ 140,000	\$ 47,625
2022	145,000	44,125
2023	150,000	40,500
2024	155,000	36,000
2025	155,000	31,350
2026-2030	<u>860,000</u>	<u>83,113</u>
Totals	<u>\$ 1,605,000</u>	<u>\$ 282,713</u>

**2. Revenue Bonds - Meniffee County Sanitation District #1**

In January 2017, the Meniffee County Fiscal Court assumed responsibility for the Meniffee County Sanitation District #1's finances, including debt service. On April 20, 2000, Meniffee County Sanitation District #1 issued \$108,000 in revenue bonds for the purpose of construction of improvements to the district's sewer system. Interest payments are payable semiannually on the first day of January and June, commencing on January 1, 2001 at an interest rate of 4.5 percent. Commencing on January 1, 2003, principal payments are due annually. The fiscal court made additional payments in fiscal year 2020 to pay off the bonds. As of June 30, 2020, the bonds were paid in full.

**C. Changes in Long-Term Debt**

Long-term debt activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and					
Direct Placements	\$ 2,047,140	\$ 166,365	\$ 376,760	\$ 1,836,745	\$ 240,484
Other Debt - Bonds	<u>1,820,200</u>		<u>215,200</u>	<u>1,605,000</u>	<u>140,000</u>
Total Long-term Debt	<u>\$ 3,867,340</u>	<u>\$ 166,365</u>	<u>\$ 591,960</u>	<u>\$ 3,441,745</u>	<u>\$ 380,484</u>

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**D. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations on June 30, 2020 were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2020	\$ 140,000	\$ 47,625	\$ 240,484	\$ 88,805
2021	145,000	44,125	215,738	78,014
2022	150,000	40,500	199,071	67,750
2023	155,000	36,000	211,073	57,136
2024	155,000	31,350	195,379	40,839
2025-2030	860,000	83,113	775,000	106,800
Totals	<u>\$ 1,605,000</u>	<u>\$ 282,713</u>	<u>\$ 1,836,745</u>	<u>\$ 439,344</u>

**Note 6. 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. 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.

The county's contribution for FY 2018 was \$174,127, FY 2019 was \$187,671, and FY 2020 was \$220,878.

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 Kentucky Retirement Systems 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.

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

Nonhazardous (Continued)

The employer contribution rate is set annually by the Kentucky Retirement Systems 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 24.06 percent.

Hazardous

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

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 39.58 percent.

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

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

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

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

Benefits are covered under KRS 78.5536.

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

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

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

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

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 6. 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 Kentucky Retirement Systems 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, Kentucky Retirement Systems 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.

Kentucky Retirement Systems Annual Financial Report and Proportionate Share Audit Report

Kentucky Retirement Systems 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 Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Kentucky Retirement Systems 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.

**MENIFEE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 7. Deferred Compensation**

The Menifee 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 8. Insurance**

For the fiscal year ended June 30, 2020, the Menifee 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 9. Prior Period Adjustments**

Beginning debt balances were decreased by \$153,383 due to the removal of the health department building from the county's financial statements and a net decrease of \$102 for general obligation note series 2017A and 2017B for changes in amortization schedule due to timing of payments.

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

**For The Year Ended June 30, 2020**

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

**For The Year Ended June 30, 2020**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,023,700	\$ 1,081,134	\$ 1,151,618	\$ 70,484
In Lieu Tax Payments	115,000	115,000	79,175	(35,825)
Excess Fees	46,237	57,905	56,404	(1,501)
Intergovernmental	116,838	124,479	122,617	(1,862)
Charges for Services	200,000	201,710	190,392	(11,318)
Miscellaneous	47,122	47,122	93,454	46,332
Interest	350	350	337	(13)
Total Receipts	<u>1,549,247</u>	<u>1,627,700</u>	<u>1,693,997</u>	<u>66,297</u>
<b>DISBURSEMENTS</b>				
General Government	579,466	676,539	658,731	17,808
Protection to Persons and Property	24,477	24,977	23,325	1,652
General Health and Sanitation	346,984	371,134	353,048	18,086
Social Services	18,396	18,397	14,122	4,275
Debt Service	188,006	180,508	166,164	14,344
Administration	580,735	543,000	457,118	85,882
Total Disbursements	<u>1,738,064</u>	<u>1,814,555</u>	<u>1,672,508</u>	<u>142,047</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(188,817)</u>	<u>(186,855)</u>	<u>21,489</u>	<u>208,344</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	285,413	285,413	546,805	261,392
Transfers To Other Funds	<u>(396,596)</u>	<u>(396,596)</u>	<u>(498,827)</u>	<u>(102,231)</u>
Total Other Adjustments to Cash (Uses)	<u>(111,183)</u>	<u>(111,183)</u>	<u>47,978</u>	<u>159,161</u>
Net Change in Fund Balance	(300,000)	(298,038)	69,467	367,505
Fund Balance - Beginning	<u>300,000</u>	<u>298,038</u>	<u>367,429</u>	<u>69,391</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 436,896</u>	<u>\$ 436,896</u>

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
In Lieu Tax Payments	\$ 50,000	\$ 50,000	\$ 93,633	\$ 43,633
Intergovernmental	1,055,822	1,156,646	1,156,773	127
Miscellaneous	8,300	16,300	21,288	4,988
Interest	500	500	387	(113)
Total Receipts	1,114,622	1,223,446	1,272,081	48,635
<b>DISBURSEMENTS</b>				
General Health and Sanitation		83,450	83,450	
Roads	856,009	858,725	919,146	(60,421)
Debt Service		27,408	27,408	
Administration	238,600	248,663	198,633	50,030
Total Disbursements	1,094,609	1,218,246	1,228,637	(10,391)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	20,013	5,200	43,444	38,244
<b>Other Adjustments to Cash (Uses)</b>				
Direct Borrowing Proceeds			166,365	166,365
Transfers To Other Funds	(270,013)	(270,013)	(289,564)	(19,551)
Total Other Adjustments to Cash (Uses)	(270,013)	(270,013)	(123,199)	146,814
Net Change in Fund Balance	(250,000)	(264,813)	(79,755)	185,058
Fund Balance - Beginning	250,000	264,813	264,813	
Fund Balance - Ending	\$ 0	\$ 0	\$ 185,058	\$ 185,058

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 82,100	\$ 87,132	\$ 87,340	\$ 208
Charges for Services	250	250		(250)
Miscellaneous	500	500		(500)
Interest	15	15	33	18
Total Receipts	82,865	87,897	87,373	(524)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	271,554	271,204	159,431	111,773
Administration	31,475	42,962	27,423	15,539
Total Disbursements	303,029	314,166	186,854	127,312
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(220,164)	(226,269)	(99,481)	126,788
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	215,164	215,164	110,000	(105,164)
Total Other Adjustments to Cash (Uses)	215,164	215,164	110,000	(105,164)
Net Change in Fund Balance	(5,000)	(11,105)	10,519	21,624
Fund Balance - Beginning	5,000	11,105	11,105	
Fund Balance - Ending	\$ 0	\$ 0	\$ 21,624	\$ 21,624

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 50,000	\$ 632,911	\$ 179,573	\$ (453,338)
Interest	100	100	160	60
Total Receipts	50,100	633,011	179,733	(453,278)
<b>DISBURSEMENTS</b>				
General Government	52,680	55,240	54,269	971
Protection to Persons and Property		32,500	32,349	151
General Health and Sanitation		14,000	14,000	
Social Services		2,500	2,500	
Recreation and Culture		552,907	85,032	467,875
Administration	137,420	37,386		37,386
Total Disbursements	190,100	694,533	188,150	506,383
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(140,000)	(61,522)	(8,417)	53,105
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			150,000	150,000
Total Other Adjustments to Cash (Uses)			150,000	150,000
Net Change in Fund Balance	(140,000)	(61,522)	141,583	203,105
Fund Balance - Beginning	140,000	20,198	20,198	
Fund Balance - Ending	\$ 0	\$ (41,324)	\$ 161,781	\$ 203,105

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>AMBULANCE DEBT SERVICE FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 25,960	\$ 25,960	\$ 25,960	\$
Total Receipts	25,960	25,960	25,960	
<b>DISBURSEMENTS</b>				
Debt Service	25,960	25,960	25,960	
Total Disbursements	25,960	25,960	25,960	
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

	<b>PARKS FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Charges for Services	\$ 8,000	\$ 8,000	\$ 5,300	\$ (2,700)
Miscellaneous	10,700	19,520	16,877	(2,643)
Interest	3	3	7	4
Total Receipts	18,703	27,523	22,184	(5,339)
<b>DISBURSEMENTS</b>				
Recreation and Culture	46,875	54,475	38,329	16,146
Administration	5,200	18,617	2,508	16,109
Total Disbursements	52,075	73,092	40,837	32,255
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(33,372)	(45,569)	(18,653)	26,916
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	28,372	28,372	10,000	(18,372)
Total Other Adjustments to Cash (Uses)	28,372	28,372	10,000	(18,372)
Net Change in Fund Balance	(5,000)	(17,197)	(8,653)	8,544
Fund Balance - Beginning	5,000	17,197	17,197	
Fund Balance - Ending	\$ 0	\$ 0	\$ 8,544	\$ 8,544

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>WELLNESS FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 700	\$ 700	\$ 140	\$ (560)
Miscellaneous	12,000	12,000	7,210	(4,790)
Interest	6	6	17	11
Total Receipts	12,706	12,706	7,367	(5,339)
<b>DISBURSEMENTS</b>				
General Health and Sanitation	5,100	7,100	1,167	5,933
Administration	30,606	9,972	145	9,827
Total Disbursements	35,706	17,072	1,312	15,760
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(23,000)	(4,366)	6,055	10,421
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			22,414	22,414
Transfers To Other Funds			(54,835)	(54,835)
Total Other Adjustments to Cash (Uses)			(32,421)	(32,421)
Net Change in Fund Balance	(23,000)	(4,366)	(26,366)	(22,000)
Fund Balance - Beginning	23,000	26,366	26,366	
Fund Balance - Ending	\$ 0	\$ 22,000	\$ 0	\$ (22,000)

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>BUILDING COMMISSION FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$ 67,300	\$ 272,300	\$ 238,350	\$ (33,950)
Total Receipts	67,300	272,300	238,350	(33,950)
<b>DISBURSEMENTS</b>				
General Government	45,200	55,521	46,810	8,711
Debt Service		205,000	197,038	7,962
Administration	8,700	1,600	1,450	150
Total Disbursements	53,900	262,121	245,298	16,823
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	13,400	10,179	(6,948)	(17,127)
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	(15,400)	(15,400)	214,133	229,533
Transfers To Other Funds			(212,406)	(212,406)
Total Other Adjustments to Cash (Uses)	(15,400)	(15,400)	1,727	17,127
Net Change in Fund Balance	(2,000)	(5,221)	(5,221)	
Fund Balance - Beginning	2,000	5,221	5,221	
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>SANITATION DISTRICT OPERATING FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Charges for Services	\$ 45,000	\$ 45,000	\$ 42,295	\$ (2,705)
Total Receipts	45,000	45,000	42,295	(2,705)
<b>DISBURSEMENTS</b>				
General Government	45,700	47,077	37,018	10,059
Total Disbursements	45,700	47,077	37,018	10,059
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(700)	(2,077)	5,277	7,354
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	5,780	5,780	17,082	11,302
Transfers To Other Funds	(7,080)	(7,080)	(5,310)	1,770
Total Other Adjustments to Cash (Uses)	(1,300)	(1,300)	11,772	13,072
Net Change in Fund Balance	(2,000)	(3,377)	17,049	20,426
Fund Balance - Beginning	2,000	3,377	3,377	
Fund Balance - Ending	\$ 0	\$ 0	\$ 20,426	\$ 20,426

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

**SANITATION DISTRICT DEPRECIATION RESERVE FUND**

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>DISBURSEMENTS</b>				
Administration	\$ 6,590	\$ 6,590	\$	\$ 6,590
Total Disbursements	<u>6,590</u>	<u>6,590</u>		<u>6,590</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(6,590)</u>	<u>(6,590)</u>		<u>6,590</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	720	720	540	(180)
Transfers To Other Funds			<u>(6,410)</u>	<u>(6,410)</u>
Total Other Adjustments to Cash (Uses)	<u>720</u>	<u>720</u>	<u>(5,870)</u>	<u>(6,590)</u>
Net Change in Fund Balance	(5,870)	(5,870)	(5,870)	
Fund Balance - Beginning	<u>5,870</u>	<u>5,870</u>	<u>5,870</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>SANITATION DISTRICT SINKING FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>DISBURSEMENTS</b>				
Debt Service	\$ 6,009	\$ 6,009	\$ 6,009	\$
Administration	7,251	7,262		7,262
Total Disbursements	13,260	13,271	6,009	7,262
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(13,260)	(13,271)	(6,009)	7,262
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			4,770	4,770
Transfers To Other Funds	6,360	6,360	(5,672)	(12,032)
Total Other Adjustments to Cash (Uses)	6,360	6,360	(902)	(7,262)
Net Change in Fund Balance	(6,900)	(6,911)	(6,911)	
Fund Balance - Beginning	6,900	6,911	6,911	
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>CDBG FUND</b>			
	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
<b>RECEIPTS</b>			
Intergovernmental	\$ 1,459,000	\$ 1,459,000	\$ 77,000
Total Receipts	1,459,000	1,459,000	(1,382,000)
<b>DISBURSEMENTS</b>			
Capital Projects	1,459,000	1,459,000	1,459,000
Total Disbursements	1,459,000	1,459,000	1,459,000
Net Change in Fund Balance			77,000
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 77,000

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>911 FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 60,000	\$ 60,000	\$ 61,793	\$ 1,793
Intergovernmental	126,000	163,821	171,083	7,262
Miscellaneous	200	200	479	279
Interest	20	20	33	13
Total Receipts	186,220	224,041	233,388	9,347
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	254,950	273,719	260,631	13,088
Administration	98,550	125,671	102,662	23,009
Total Disbursements	353,500	399,390	363,293	36,097
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(167,280)	(175,349)	(129,905)	45,444
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			147,280	147,280
Transfers To Other Funds	147,280	147,280		(147,280)
Total Other Adjustments to Cash (Uses)	147,280	147,280	147,280	
Net Change in Fund Balance	(20,000)	(28,069)	17,375	45,444
Fund Balance - Beginning	20,000	20,070	20,070	
Fund Balance - Ending	\$ 0	\$ (7,999)	\$ 37,445	\$ 45,444

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2020**  
**(Continued)**

<b>NURSING HOME SINKING FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$ 138,000	\$ 138,000	\$ 339,759	\$ 201,759
Interest	50	50	55	5
Total Receipts	138,050	138,050	339,814	201,764
<b>DISBURSEMENTS</b>				
Debt Service	137,984	137,984	339,359	(201,375)
Administration	72,943	13,847	21,000	(7,153)
Total Disbursements	210,927	151,831	360,359	(208,528)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(72,877)	(13,781)	(20,545)	(6,764)
<b>Other Adjustments to Cash (Uses)</b>				
Direct Borrowing Proceeds			200,000	200,000
Transfers To Other Funds			(150,000)	(150,000)
Total Other Adjustments to Cash (Uses)			50,000	50,000
Net Change in Fund Balance	(72,877)	(13,781)	29,455	43,236
Fund Balance - Beginning	72,877	41,104	41,103	(1)
Fund Balance - Ending	\$ 0	\$ 27,323	\$ 70,558	\$ 43,235

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

**June 30, 2020**

**Note 1. Budgetary Information**

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

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

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

**Note 2. Excess of Disbursements Over Appropriations**

Road fund, roads category, exceeded budgeted appropriations by \$60,421. Nursing home sinking fund, debt service category exceeded budgeted appropriations by \$201,375 and administration category exceeded budgeted appropriations by \$7,153.

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

**For The Year Ended June 30, 2020**

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

**For The Year Ended June 30, 2020**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 538,978	\$	\$ 35,000	\$ 503,978
Buildings	10,503,448		390,074	10,113,374
Machinery and Equipment	209,427			209,427
Vehicles	1,113,818	37,800		1,151,618
Other Equipment	702,629	206,876	28,822	880,683
Infrastructure	5,578,083	295,074		5,873,157
 Total Capital Assets	 <u>\$ 18,646,383</u>	 <u>\$ 539,750</u>	 <u>\$ 453,896</u>	 <u>\$ 18,732,237</u>

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

**June 30, 2020**

**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 Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 20,000	10-50

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

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

The Honorable Rick Stiltner, Menifee County Judge/Executive  
Members of the Menifee County Fiscal Court

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

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 Menifee County Fiscal Court for the fiscal year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Menifee County Fiscal Court's financial statement and have issued our report thereon dated March 3, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Menifee 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 Menifee County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Menifee 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 were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2020-001 and 2020-002 to be material weaknesses.



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

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Menifee 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 Responses as items 2020-001 and 2020-002.

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

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

**Purpose of this Report**

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

Respectfully submitted,

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

Mike Harmon  
Auditor of Public Accounts

March 3, 2022

**MENIFEE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2020**

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**MENIFEE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2020**

FINANCIAL STATEMENT FINDINGS:

2020-001    The Menifee County Fiscal Court Did Not Have Effective Internal Controls, Review Procedures, And Oversight For The Budget Process

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Several budgetary issues were noted for fiscal year 2020:

- It was noted that the federal grant fund was not properly accounted for and budgeted. This grant was received in June 2020 in the amount of \$7,680, but a budget amendment was not completed to include this fund.
- The CDBG fund was included on the original budget for receipts and disbursements totaling \$1,459,000, but this was not reflected on the fourth quarter financial report.
- Budget amendments for jail fund expenditures in the amount of \$11,137 were not included on the fourth quarter financial report.
- Budget amendments for parks fund expenditures in the amount of \$13,517 were not included on the fourth quarter financial report.
- Disbursements exceeded approved budget appropriations for the road fund in the amount of \$60,421 for the roads category.
- Disbursements exceeded approved budget appropriations for the nursing home sinking fund in the amount of \$201,375 for the debt service category and \$7,153 for the administration category.

The fiscal court did not have effective internal controls, review procedures, and oversight for the budget process. Additionally, failure to properly reflect lease proceeds and asset purchases contributed to actual appropriations exceeding budgeted appropriations as further discussed in finding 2020-002.

Inadequate controls over the budget process resulted in the undetected errors noted above. Additionally, the fiscal court is not in compliance with statutes regarding budget preparation and budget amendments. Furthermore, the fiscal court relies on information presented in the quarterly financial reports and inaccurate information could lead to improper decision making.

KRS 68.210 states, “[t]he administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe and shall install, by July 1, 1985, a system of uniform accounts for all counties and county officials.” The *County Budget Preparation and State Local Finance Officer Policy Manual* requires county officials to submit quarterly reports that show, among other things, the amounts from the original budget for each category of receipts and expenditures. The fourth quarter financial report must agree to the original budget and budget amendments submitted to and approved by the Department for Local Government (DLG).

Regarding budget amendments, KRS 68.280 states, “[t]he fiscal court may make provision for the expenditure of receipts unanticipated in the original budget by preparing an amendment to the budget, showing the source and amount of the unanticipated receipts and specifying the budget funds that are to be increased thereby. The amendment shall be submitted to the state local finance officer subject to the same provisions as the original budget.” Budget amendments should be prepared when unanticipated revenues are received so that the funds can be expended without consequence.

KRS 68.300 states, “[a]ny appropriation made, or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract within the budget appropriation, shall be void. No member of the fiscal court shall vote for any such illegal appropriation or claim.”

**MENIFEE COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

2020-001 The Menifee County Fiscal Court Did Not Have Effective Internal Controls, Review Procedures, And Oversight For The Budget Process

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We recommend the fiscal court implement effective internal controls, oversight, and review procedures to ensure all budgeted amounts reflected on the fourth quarter financial report are complete and accurate and agree to the original budget and budget amendments and that all funds be budgeted in accordance with KRS 68.210 and KRS 68.300. Further, we recommend timely budget amendments be submitted for unanticipated receipts.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Help America to Vote money of \$7,680 was given by County Clerk to Fiscal Court on June 29, 2020; therefore, there was not adequate time to complete a budget amendment. This amount was amended into year ending 2021 budget as a prior year carryover amount.*

*No activity occurred in the CDBG fund with a budgeted amount of \$1,459,000; however, it was discovered that a software question was answered incorrectly for it to be left off the 4<sup>th</sup> Quarter Financial Report. This also occurred for Jail and Park Fund budget amendment items. I will make sure all questions are appropriately answered on software when amending budget.*

*Debt service categories for every fund will be reviewed and appropriately budgeted when feasible.*

2020-002 The Menifee County Fiscal Court Did Not Properly Account For Lease Proceeds And Debt Payments On The County's Financial Statement

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The Menifee County Fiscal Court entered into three lease agreements to purchase vehicles for the road department during the year ending June 30, 2020. The county entered into three leases for a Ford F-150 truck, Ford F-650 truck, and a Ford F-350 truck with the leases' proceeds totaling \$166,365. These lease payments were not paid from a debt service account code. The county did have the outstanding amount of debt on the liabilities section of their quarterly report but failed to post the amounts on the receipts and disbursements ledger for the lease proceeds and subsequent purchase of equipment.

While the county was aware that they needed to record the outstanding debt amount on the liabilities section of their quarterly report, the county was not aware that they needed to book the lease proceeds on their financial statement since the money went directly to the vendor and did not run directly through the county's bank accounts. Further, the county did not have adequate controls in place to ensure these transactions were reflected in the county's financial statements.

The three truck payments were posted to an equipment account code on the quarterly reports submitted to the Department for Local Government. The quarterly report receipts were understated by \$166,365 and the corresponding expenditures for the purchase were understated by the same amount. The county did not budget for these transactions and several categories of appropriations exceeded approved budgeted amounts due to these errors as noted in finding 2020-001.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. According to the *County Budget Preparation and State Local Finance Officer Policy Manual* all financial activity, including transactions through a third party, must be recorded on the county's financial statements.

We recommend that the County ensure all lease transactions are accurately posted on the county's quarterly report in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

**MENIFEE COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

2020-002    The Menifee County Fiscal Court Did Not Properly Account For Lease Proceeds And Debt Payments On The County's Financial Statement (Continued)

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Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: All future debts will be coded from the appropriate debt appropriation codes.*

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

**MENIFEE COUNTY FISCAL COURT**


**For The Year Ended June 30, 2020**

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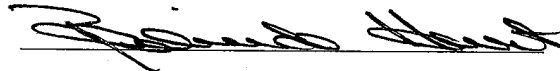
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
MENIFEE COUNTY FISCAL COURT

For The Year Ended June 30, 2020

The Menifee 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 "JL Luth", is written over a horizontal line.

County Judge/Executive

A handwritten signature in black ink, appearing to read "James Hunt", is written over a horizontal line.

County Treasurer