

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

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



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

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



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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Rick Stiltner, Menifee County Judge/Executive  
Members of the Menifee 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 Menifee County Fiscal Court, for the year ended June 30, 2023, 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.

*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 Menifee 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 Menifee 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 Menifee 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 Rick Stiltner, Menifee County Judge/Executive  
Members of the Menifee 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 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 and pervasive.

### ***Responsibilities of Management for the Financial Statement***

Menifee 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 Menifee 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 Menifee 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 Rick Stiltner, Menifee County Judge/Executive  
Members of the Menifee 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 Menifee 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 July 23, 2024, 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 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 Menifee 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 Rick Stiltner, Menifee County Judge/Executive  
Members of the Menifee County Fiscal Court

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

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

- 2023-001 The Fourth Quarter Financial Report Was Materially Misstated
- 2023-002 The Fiscal Court Did Not Properly Budget For And Record All Debt-Related Disbursements

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

July 23, 2024



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

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

**Other Elected Officials:**

Megan Williams	County Attorney
Eddie Maze	Jailer
Krystal Chapman	County Clerk
Kelly Botts	Circuit Court Clerk
Roger Smallwood, Jr.	Sheriff
Jim Lawson	Property Valuation Administrator
Megan Peck	Coroner

**Appointed Personnel:**

Mandolyn Coffey	County Treasurer
Christine Johnson	Chief Financial Officer

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

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

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

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

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 1,406,133	\$	\$
In Lieu Tax Payments	107,672	73,409	
Excess Fees	55,836		
Intergovernmental	411,272	1,132,758	87,874
Charges for Services	169,998		2,790
Miscellaneous	82,020	17,412	11
Interest	1,261	315	50
Total Receipts	<u>2,234,192</u>	<u>1,223,894</u>	<u>90,725</u>
<b>DISBURSEMENTS</b>			
General Government	885,056	2,085	
Protection to Persons and Property	14,647		339,648
General Health and Sanitation	988,010		
Social Services	25,018		
Recreation and Culture	3,000		
Roads		816,140	
Debt Service	118,613	49,027	
Capital Projects			
Administration	620,362	254,907	34,692
Total Disbursements	<u>2,654,706</u>	<u>1,122,159</u>	<u>374,340</u>
Excess (Deficiency) of Receipts Over			
Disbursements Before Other			
Adjustments to Cash (Uses)	<u>(420,514)</u>	<u>101,735</u>	<u>(283,615)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Borrowed Money	200,000		
Financing Obligation Proceeds			
Payroll Revolving Account	20,922		
Transfers From Other Funds	882,497		290,000
Transfers To Other Funds	<u>(836,868)</u>	<u>(254,489)</u>	
Total Other Adjustments to Cash (Uses)	<u>266,551</u>	<u>(254,489)</u>	<u>290,000</u>
Net Change in Fund Balance	(153,963)	(152,754)	6,385
Fund Balance - Beginning	<u>822,888</u>	<u>163,553</u>	<u>7,535</u>
Fund Balance - Ending	<u>\$ 668,925</u>	<u>\$ 10,799</u>	<u>\$ 13,920</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 654,945	\$ 17,649	\$ 14,348
Payroll Revolving Account Reconciled Balance	20,922		
Less: Outstanding Checks	<u>(6,942)</u>	<u>(6,850)</u>	<u>(428)</u>
Fund Balance - Ending	<u>\$ 668,925</u>	<u>\$ 10,799</u>	<u>\$ 13,920</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, 2023**  
**(Continued)**

<b>Budgeted Funds</b>						
<b>Local Government Economic Assistance Fund</b>	<b>Federal Grants Fund</b>	<b>Ambulance Debt Service Fund</b>	<b>Parks Fund</b>	<b>Nursing Home Sinking Fund</b>	<b>Sanitation District Operating Fund</b>	<b>County Clerk Fees SB 135 Fund</b>
\$	\$	\$	\$	\$	\$	\$
1,426						
251,626	326,938		6,720		43,793	
		33,970	28,549	96,616	162	9,750
150		4	11	45		2
<u>253,202</u>	<u>326,938</u>	<u>33,974</u>	<u>35,280</u>	<u>96,661</u>	<u>43,955</u>	<u>9,752</u>
158,769	7,500				42,230	5,761
54,848		202,831				
20,000	10,000					
30,000	249,654					
34,403			39,697			
		33,970		344,624		
3,172			3,415			
<u>301,192</u>	<u>267,154</u>	<u>236,801</u>	<u>43,112</u>	<u>344,624</u>	<u>42,230</u>	<u>5,761</u>
(47,990)	59,784	(202,827)	(7,832)	(247,963)	1,725	3,991
		202,831				
18,501	5,001		5,000	201,608		
	(18,501)					
<u>18,501</u>	<u>(13,500)</u>	<u>202,831</u>	<u>5,000</u>	<u>201,608</u>		
(29,489)	46,284	4	(2,832)	(46,355)	1,725	3,991
<u>135,862</u>			<u>27,323</u>	<u>71,136</u>	<u>14,641</u>	
<u>\$ 106,373</u>	<u>\$ 46,284</u>	<u>\$ 4</u>	<u>\$ 24,491</u>	<u>\$ 24,781</u>	<u>\$ 16,366</u>	<u>\$ 3,991</u>
\$ 106,569	\$ 46,284	\$ 4	\$ 24,491	\$ 24,781	\$ 16,366	\$ 3,991
(196)						
<u>\$ 106,373</u>	<u>\$ 46,284</u>	<u>\$ 4</u>	<u>\$ 24,491</u>	<u>\$ 24,781</u>	<u>\$ 16,366</u>	<u>\$ 3,991</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, 2023**  
**(Continued)**

	<b>Budgeted Funds</b>		
	<b>Cleaner Water Grant Fund</b>	<b>CDBG/ARC Sanitation Grant Fund</b>	<b>American Recovery Act Fund</b>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$
In Lieu Tax Payments			
Excess Fees			
Intergovernmental		313,924	
Charges for Services			
Miscellaneous			
Interest			
Total Receipts		313,924	
<b>DISBURSEMENTS</b>			
General Government			9,313
Protection to Persons and Property			
General Health and Sanitation			100,000
Social Services			50,000
Recreation and Culture			
Roads			
Debt Service			
Capital Projects		190,320	
Administration			
Total Disbursements		190,320	159,313
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		123,604	(159,313)
<b>Other Adjustments to Cash (Uses)</b>			
Borrowed Money			
Financing Obligation Proceeds			
Payroll Revolving Account			
Transfers From Other Funds			
Transfers To Other Funds			(470,893)
Total Other Adjustments to Cash (Uses)			(470,893)
Net Change in Fund Balance		123,604	(630,206)
Fund Balance - Beginning			630,206
Fund Balance - Ending	\$ 0	\$ 123,604	\$ 0
<b>Composition of Fund Balance</b>			
Bank Balance	\$	\$ 123,604	\$
Payroll Revolving Account Reconciled Balance			
Less: Outstanding Checks			
Fund Balance - Ending	\$ 0	\$ 123,604	\$ 0

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, 2023**  
**(Continued)**

<u>Budgeted Funds</u>		<u>Unbudgeted Fund</u>		
<u>Opioid Settlement Fund</u>	<u>911 Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>	
\$	\$ 45,866	\$	\$ 1,451,999	
			182,507	
			55,836	
	313,077	191,550	3,029,019	
			223,301	
	487		268,977	
	84	29	1,951	
	<u>359,514</u>	<u>191,579</u>	<u>5,213,590</u>	
			1,110,714	
	381,658		993,632	
			1,118,010	
			354,672	
			77,100	
			816,140	
		190,500	736,734	
			190,320	
	<u>138,048</u>	<u>1,100</u>	<u>1,055,696</u>	
	<u>519,706</u>	<u>191,600</u>	<u>6,453,018</u>	
	<u>(160,192)</u>	<u>(21)</u>	<u>(1,239,428)</u>	
			200,000	
			202,831	
			20,922	
45,259	290,000		1,737,866	
	<u>(157,115)</u>		<u>(1,737,866)</u>	
<u>45,259</u>	<u>132,885</u>		<u>423,753</u>	
45,259	(27,307)	(21)	(815,675)	
	<u>66,123</u>	<u>5,996</u>	<u>1,945,263</u>	
<u>\$ 45,259</u>	<u>\$ 38,816</u>	<u>\$ 5,975</u>	<u>\$ 1,129,588</u>	
\$ 45,259	\$ 38,816	\$ 5,975	\$ 1,123,082	
			20,922	
			<u>(14,416)</u>	
<u>\$ 45,259</u>	<u>\$ 38,816</u>	<u>\$ 5,975</u>	<u>\$ 1,129,588</u>	

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**MENIFEE COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2023**

**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 for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

The 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 no longer are required components of the reporting entity. Audits of the following entities can be obtained from the Menifee County Fiscal Court at P.O. Box 105, Frenchburg, Kentucky 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, 2023**  
**(Continued)**

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

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

**Budgeted Funds (Continued)**

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

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

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 expenditures.

Ambulance Debt Service Fund - The primary purpose of this fund is to account for monthly payments from the ambulance service for the purchase of a new ambulance. The fiscal court then uses these funds to make quarterly loan payments on the ambulance to Community First National Bank.

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.

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.

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

County Clerk Fees SB 135 Fund - The primary purpose of this fund is to account for the \$10 storage fee collected by the county clerk and required to be held by the county fiscal court for the exclusive purpose of providing funding for the permanent storage of recorded instruments.

Cleaner Water Grant Fund - The primary purpose of this fund is to account for cleaner water grant funds and related expenditures.

CDBG/ARC Sanitation Grant Fund - The primary purpose of this fund is to account for sanitation grants and related expenditures.

American Recovery Act Fund - The primary purpose of this fund is to account for American Recovery Act funds and related expenditures.

Opioid Settlement Fund - The primary purpose of this fund is to account for the opioid settlement funds allocated to local governments pursuant to House Bill 427 to combat the opioid crisis.

**MENIFEE 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)**

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

**Unbudgeted Fund**

The fiscal court reports the following unbudgeted fund:

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

**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 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, 2023**  
**(Continued)**

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

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

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

**Note 3. Transfers**

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

	General Fund	Road Fund	Federal Grants Fund	American Recovery Act Fund	911 Fund	Total Transfers In
General Fund	\$	\$ 254,489	\$	\$ 470,893	\$ 157,115	\$ 882,497
Jail Fund	290,000					290,000
LGEA Fund			18,501			18,501
Federal Grants Fund	5,001					5,001
Parks and Recreation Fund	5,000					5,000
Nursing Home Sinking Fund	201,608					201,608
Opioid Settlement Fund	45,259					45,259
911 Fund	290,000					290,000
Total Transfers Out	<u>\$ 836,868</u>	<u>\$ 254,489</u>	<u>\$ 18,501</u>	<u>\$ 470,893</u>	<u>\$ 157,115</u>	<u>\$ 1,737,866</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. Leases**

**A. Lessor**

- On March 1, 2022, the fiscal court began leasing the athletic fields located at the Menifee County Park to the Menifee County Board of Education. The lease requires yearly payments of \$20,000. After ten years, the yearly payments will decrease to \$6,000. The fiscal court recognized \$20,000 in lease revenues during the current fiscal year related to this lease. As of June 30, 2023, the fiscal court's receivable for lease payments was \$160,000.
- On November 30, 2021, the fiscal court began leasing a building located at 68 Old Campus Road, Frenchburg, Kentucky, to Gateway Area Development District (GADD). The initial lease is for three years and will be automatically extended up to eight additional years unless written notice is given. GADD is required to make monthly payments of \$600. During the current fiscal year, the fiscal court recognized revenues of \$7,200 for this lease. As of June 30, 2023, the fiscal court's receivable for lease payments was \$44,400.
- On November 22, 2000, the fiscal court began leasing a building located at 126 Industrial Park Road, Means, Kentucky, to Boneal, Inc. The lease is for a term of ten years, with monthly payments of \$3,500. During the current fiscal year, the fiscal court recognized revenues of \$45,500 for this lease. As of June 30, 2023, the fiscal court's receivable for lease payments was \$311,500.
- On February 21, 2020, the fiscal court began leasing a tract of land located in the Menifee County Industrial Park to Project Worth and Outreach, Inc. The lease is for five years, with annual payments of \$1. During the current fiscal year, the fiscal court recognized revenues of \$1 for this lease. As of June 30, 2023, the fiscal court's receivable for lease payments was \$3.

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

**Note 4. Leases (Continued)**

**B. Lessee**

1. On November 14, 2020, the fiscal court entered into a one-year lease agreement as lessee for the use of office equipment. This lease is eligible for yearly renewal at the end of each year. The fiscal court is required to make a base payment of \$51 per month, plus the cost of additional copies. As of June 30, 2023, liability payments totaled \$1,881.
2. On June 26, 2021, the fiscal court entered into a one-year lease agreement as lessee for the use of a backhoe. An initial lease liability was recorded in the amount of \$18,750. This lease is eligible for yearly renewal at the end of each year. As of June 30, 2023, liability payments totaled \$18,750.
3. On April 23, 2020, the fiscal court entered into a four-year lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$4,778 during the previous fiscal year. As of June 30, 2023, the value of the lease liability was \$995. The Menifee County Fiscal Court is required to make monthly payments of \$100. The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 995
Total Payments	<u>\$ 995</u>

4. On November 5, 2020, the fiscal court entered into a four-year lease agreement as lessee for the acquisition and use of office equipment. As of June 30, 2023, the value of the lease liability was \$1,782. The Menifee County Fiscal Court is required to make monthly payments of \$104, plus applicable fees and taxes. The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 1,258
2025	<u>524</u>
Total Payments	<u>\$ 1,782</u>

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

**Note 4. Leases (Continued)**

**B. Lessee (Continued)**

5. On March 15, 2023, the fiscal court entered into a five-year lease agreement as lessee for the acquisition and use of a garbage truck. An initial lease liability was recorded in the amount of \$10,489 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$199,284. The Menifee County Fiscal Court is required to make quarterly payments of \$10,489. The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 41,955
2025	41,955
2026	41,955
2027	41,955
2028	<u>31,464</u>
Total Payments	<u>\$ 199,284</u>

**Note 5. Short-term Debt**

**A. Direct Borrowings and Direct Placements**

1. On December 2, 2022, the Menifee County Fiscal Court entered into a 12-month note with Traditional Bank in the total amount of \$200,000 and bearing interest at a rate of 7.75 percent. As of June 30, 2023, the note was paid in full.

**B. Changes In Short-term Debt**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$	\$ 200,000	\$ 200,000	\$	\$
Total Short-term Debt	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. 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 of any portion thereof; c) to take whatever action at law or in equity to enforce the rights of the lesser under the terms of the lease. As of June 30, 2023, the principal balance remaining was \$815,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 100,000	\$ 36,946
2025	105,000	31,946
2026	110,000	26,696
2027	115,000	21,196
2028	125,000	15,446
2029-2030	260,000	19,487
Totals	<u>\$ 815,000</u>	<u>\$ 151,717</u>

**2. 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 purpose of a vehicle. The agreement requires monthly principal and interest payments for 60 months at an interest rate of 5.75%. 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 outlined in the terms of the agreement. As of June 30, 2023, the principal balance remaining was \$6,942. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 6,942	\$ 251
Totals	<u>\$ 6,942</u>	<u>\$ 251</u>



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

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

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

**3. 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 purpose of a vehicle. The agreement requires monthly principal and interest payments for 60 months at an interest rate of 5.75%. 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 outlined in the terms of the agreement. As of June 30, 2023, the principal balance remaining was \$23,113. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 18,357	\$ 938
2025	4,756	68
Totals	<u>\$ 23,113</u>	<u>\$ 1,006</u>

**4. 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 purpose of a vehicle. The agreement requires monthly principal and interest payments for 60 months at an interest rate of 5.75%. 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 outlined in the terms of the agreement. As of June 30, 2023, the principal balance remaining was \$16,397. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 10,774	\$ 713
2025	5,623	121
Totals	<u>\$ 16,397</u>	<u>\$ 834</u>

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

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

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

**5. 2021 Ford F-350**

On October 13, 2021, the Menifee County Fiscal Court entered into a lease purchase agreement in the amount of \$47,772 with Ford Motor Credit Company LLC for the purpose of a vehicle. The agreement requires monthly principal and interest payments for 60 months at an interest rate of 5.75%. 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 outlined in the terms of the agreement. As of June 30, 2023, the principal balance remaining was \$30,040. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 7,040	\$ 1,248
2025	9,821	1,230
2026	10,460	591
2027	2,719	43
Totals	<u>\$ 30,040</u>	<u>\$ 3,112</u>

**6. General Obligation Improvement and Refunding Notes, Series 2021**

On December 14, 2021, the Menifee County Fiscal Court entered into General Obligation Improvement and Refunding note with a local bank in the amount of \$544,244 at a fixed interest rate of 3.33% for the purpose of acquiring a garbage truck for the county and refunding the outstanding lease agreement between the Kentucky Area Development Districts (KADD) and the county. Principal and interest payments are required quarterly on the first day of March, June, September, and December commencing on March 1, 2022, until the final maturity date of December 1, 2026. The full faith, credit, and taxing power of the county was irrevocably pledged to ensure 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, 2023, the principal balance remaining was \$389,969. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 106,756	\$ 11,857
2025	110,438	8,175
2026	114,214	4,399
2027	58,561	746
Totals	<u>\$ 389,969</u>	<u>\$ 25,177</u>

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

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

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

**7. Ambulance**

On September 6, 2022, the Menifee County Fiscal Court entered into a lease purchase agreement in the amount of \$202,831 with Freedom Financial for the purpose of an ambulance. The agreement requires quarterly principal and interest payments for 60 months at an interest rate of 4.29%. The vehicle is collateral for the agreement, and in the event of default, the lessor would be required to pay 30% of the purchase price in damages. As of June 30, 2023, the principal balance remaining was \$175,098. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 38,387	\$ 6,907
2025	40,062	5,231
2026	41,811	3,483
2027	43,635	1,659
2028	11,203	120
Totals	<u>\$ 175,098</u>	<u>\$ 17,400</u>

**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 judgement of any type or in any amounts 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 on 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 bondholder and to perform its duties under the act;

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

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

**B. Other Debt (Continued)**

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

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 or 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 corporations to the fullest legal extent in the name of the corporation for the use and benefit of the owners of the bonds.

As of June 30, 2023, the principal balance remaining was \$1,170,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 155,000	\$ 36,000
2025	155,000	31,350
2026	160,000	26,700
2027	170,000	21,900
2028	170,000	16,800
2029-2030	360,000	17,713
Totals	<u>\$ 1,170,000</u>	<u>\$ 150,463</u>

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 1,522,516	\$ 202,831	\$ 268,788	\$ 1,456,559	\$ 288,257
Revenue Bonds	1,320,000		150,000	1,170,000	155,000
Total Long-term Debt	<u>\$ 2,842,516</u>	<u>\$ 202,831</u>	<u>\$ 418,788</u>	<u>\$ 2,626,559</u>	<u>\$ 443,257</u>

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

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

**D. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 155,000	\$ 36,000	\$ 288,256	\$ 58,860
2025	155,000	31,350	275,700	46,771
2026	160,000	26,700	276,485	35,169
2027	170,000	21,900	219,915	23,644
2028	170,000	16,800	136,203	15,566
2029-2033	360,000	17,713	260,000	19,487
Totals	<u>\$ 1,170,000</u>	<u>\$ 150,463</u>	<u>\$ 1,456,559</u>	<u>\$ 199,497</u>

**Note 7. Employee Retirement System**

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

The county's contribution for FY 2021 was \$233,639, FY 2022 was \$269,263, and FY 2023 was \$319,351.

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.

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

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

The employer contribution rate is set annually by the Ky. Ret. Sys. Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

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

Hazardous

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

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

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

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

The county's contribution rate for hazardous employees was 49.59 percent.

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

Benefits are covered under KRS 78.5536.

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

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

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

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

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

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

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

E. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KPPA will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

G. 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.



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

**Note 8. 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 9. Insurance**

For the fiscal year ended June 30, 2023, 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 10. Payroll Revolving Account**

The reconciled balance of the Payroll Revolving Account of \$20,922 as of June 30, 2023, was added to the General Fund cash balance for financial reporting purposes.

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,162,700	\$ 1,162,700	\$ 1,406,133	\$ 243,433
In Lieu Tax Payments	99,654	99,654	107,672	8,018
Excess Fees	44,471	44,471	55,836	11,365
Intergovernmental	120,336	448,424	411,272	(37,152)
Charges for Services	206,000	206,000	169,998	(36,002)
Miscellaneous	27,200	27,200	82,020	54,820
Interest	300	300	1,261	961
Total Receipts	<u>1,660,661</u>	<u>1,988,749</u>	<u>2,234,192</u>	<u>245,443</u>
<b>DISBURSEMENTS</b>				
General Government	721,889	995,952	885,056	110,896
Protection to Persons and Property	25,700	26,525	14,647	11,878
General Health and Sanitation	416,499	1,020,393	988,010	32,383
Social Services	19,758	25,018	25,018	
Recreation and Culture		4,800	3,000	1,800
Debt Service	118,613	129,123	118,613	10,510
Administration	630,258	737,457	620,362	117,095
Total Disbursements	<u>1,932,717</u>	<u>2,939,268</u>	<u>2,654,706</u>	<u>284,562</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(272,055)</u>	<u>(950,519)</u>	<u>(420,514)</u>	<u>530,005</u>
<b>Other Adjustments to Cash (Uses)</b>				
Borrowed Money			200,000	200,000
Transfers From Other Funds	223,214	223,214	882,497	659,283
Transfers To Other Funds	(502,362)	(502,362)	(836,868)	(334,506)
Total Other Adjustments to Cash (Uses)	<u>(279,148)</u>	<u>(279,148)</u>	<u>245,629</u>	<u>524,777</u>
Net Change in Fund Balance	(551,203)	(1,229,667)	(174,885)	1,054,782
Fund Balance - Beginning	<u>551,203</u>	<u>1,022,888</u>	<u>822,888</u>	<u>(200,000)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (206,779)</u>	<u>\$ 648,003</u>	<u>\$ 854,782</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
In Lieu Tax Payments	\$ 50,000	\$ 50,000	\$ 73,409	\$ 23,409
Intergovernmental	1,082,815	1,114,090	1,132,758	18,668
Miscellaneous	8,500	8,500	17,412	8,912
Interest	400	400	315	(85)
Total Receipts	<u>1,141,715</u>	<u>1,172,990</u>	<u>1,223,894</u>	<u>50,904</u>
<b>DISBURSEMENTS</b>				
General Government		3,000	2,085	915
Roads	760,180	866,202	816,140	50,062
Debt Service	69,027	68,129	49,027	19,102
Administration	250,300	268,513	254,907	13,606
Total Disbursements	<u>1,079,507</u>	<u>1,205,844</u>	<u>1,122,159</u>	<u>83,685</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>62,208</u>	<u>(32,854)</u>	<u>101,735</u>	<u>134,589</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(223,214)</u>	<u>(223,214)</u>	<u>(254,489)</u>	<u>(31,275)</u>
Total Other Adjustments to Cash (Uses)	<u>(223,214)</u>	<u>(223,214)</u>	<u>(254,489)</u>	<u>(31,275)</u>
Net Change in Fund Balance	(161,006)	(256,068)	(152,754)	103,314
Fund Balance - Beginning	<u>161,006</u>	<u>163,553</u>	<u>163,553</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (92,515)</u>	<u>\$ 10,799</u>	<u>\$ 103,314</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 86,100	\$ 86,100	\$ 87,874	\$ 1,774
Charges for Services	250.00	250	2,790	2,540
Miscellaneous	500.00	500	11	(489)
Interest	25.00	25	50	25
Total Receipts	<u>86,875.00</u>	<u>86,875</u>	<u>90,725</u>	<u>3,850</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	341,498.00	345,135	339,648	5,487
Administration	34,555.00	36,423	34,692	1,731
Total Disbursements	<u>376,053.00</u>	<u>381,558</u>	<u>374,340</u>	<u>7,218</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(289,178.00)</u>	<u>(294,683)</u>	<u>(283,615)</u>	<u>11,067</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>284,178.00</u>	<u>284,178</u>	<u>290,000</u>	<u>5,822</u>
Total Other Adjustments to Cash (Uses)	<u>284,178.00</u>	<u>284,178</u>	<u>290,000</u>	<u>5,822</u>
Net Change in Fund Balance	(5,000)	(10,505)	6,385	16,889
Fund Balance - Beginning	<u>5,000</u>	<u>7,535</u>	<u>7,535</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (2,970)</u>	<u>\$ 13,920</u>	<u>\$ 16,889</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
In Lieu Tax Payments	\$	\$	\$ 1,426	\$ 1,426
Intergovernmental	62,000	159,540	251,626	92,086
Interest	100	100	150	50
Total Receipts	<u>62,100</u>	<u>159,640</u>	<u>253,202</u>	<u>93,562</u>
<b>DISBURSEMENTS</b>				
General Government	101,660	197,593	158,769	38,824
Protection to Persons and Property		54,848	54,848	
General Health and Sanitation		40,000	20,000	20,000
Social Services		30,000	30,000	
Recreation and Culture		37,952	34,403	3,549
Administration	60,440	3,172	3,172	
Total Disbursements	<u>162,100</u>	<u>363,565</u>	<u>301,192</u>	<u>62,373</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(100,000)</u>	<u>(203,925)</u>	<u>(47,990)</u>	<u>155,935</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			<u>18,501</u>	<u>18,501</u>
Total Other Adjustments to Cash (Uses)			<u>18,501</u>	<u>18,501</u>
Net Change in Fund Balance	(100,000)	(203,925)	(29,489)	174,436
Fund Balance - Beginning	<u>100,000</u>	<u>135,862</u>	<u>135,862</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (68,063)</u>	<u>\$ 106,373</u>	<u>\$ 174,436</u>



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

	<b>FEDERAL GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 988,328	\$ 1,663,328	\$ 326,938	\$ (1,336,390)
Total Receipts	988,328	1,663,328	326,938	(1,336,390)
<b>DISBURSEMENTS</b>				
General Government	10,000	10,000	7,500	2,500
General Health and Sanitation	100,000	100,000	10,000	90,000
Social Services	800,000	946,000	249,654	696,346
Recreation and Culture	78,328	78,328		78,328
Administration		529,000		529,000
Total Disbursements	988,328	1,663,328	267,154	1,396,174
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			59,784	59,784
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			5,001	5,001
Transfers To Other Funds			(18,501)	(18,501)
Total Other Adjustments to Cash (Uses)			(13,500)	(13,500)
Net Change in Fund Balance			46,284	46,284
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 46,284	\$ 46,284

**MENIFEE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(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	\$ 202,831	\$ 202,831	\$ 33,970	\$ (168,861)
Interest			4	4
Total Receipts	<u>202,831</u>	<u>202,831</u>	<u>33,974</u>	<u>(168,857)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property			202,831	(202,831)
Debt Service	202,831	202,831	33,970	168,861
Capital Projects				
Administration				
Total Disbursements	<u>202,831</u>	<u>202,831</u>	<u>236,801</u>	<u>(33,970)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>(202,827)</u>	<u>(202,827)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds			202,831	202,831
Total Other Adjustments to Cash (Uses)			<u>202,831</u>	<u>202,831</u>
Net Change in Fund Balance			4	4
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4</u>	<u>\$ 4</u>

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

	<b>PARKS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 6,000	\$ 6,000	\$ 6,720	\$ 720
Miscellaneous	25,200	25,200	28,549	3,349
Interest	8	8	11	3
Total Receipts	<u>31,208</u>	<u>31,208</u>	<u>35,280</u>	<u>4,072</u>
<b>DISBURSEMENTS</b>				
Recreation and Culture	70,600	70,458	39,697	30,761
Administration	4,300	29,765	3,415	26,350
Total Disbursements	<u>74,900</u>	<u>100,223</u>	<u>43,112</u>	<u>57,111</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(43,692)</u>	<u>(69,015)</u>	<u>(7,832)</u>	<u>61,183</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	41,692	41,692	5,000	(36,692)
Total Other Adjustments to Cash (Uses)	<u>41,692</u>	<u>41,692</u>	<u>5,000</u>	<u>(36,692)</u>
Net Change in Fund Balance	(2,000)	(27,323)	(2,832)	24,491
Fund Balance - Beginning	<u>2,000</u>	<u>27,323</u>	<u>27,323</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,491</u>	<u>\$ 24,491</u>

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

**NURSING HOME SINKING FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 139,602	\$ 139,602	\$ 96,616	\$ (42,986)
Interest	75	75	45	(30)
Total Receipts	<u>139,677</u>	<u>139,677</u>	<u>96,661</u>	<u>(43,016)</u>
<b>DISBURSEMENTS</b>				
Debt Service	339,596	344,624	344,624	
Administration	71,202	66,189		66,189
Total Disbursements	<u>410,798</u>	<u>410,813</u>	<u>344,624</u>	<u>66,189</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(271,121)</u>	<u>(271,136)</u>	<u>(247,963)</u>	<u>23,173</u>
<b>Other Adjustments to Cash (Uses)</b>				
Borrowed Money	200,000	200,000		(200,000)
Transfers From Other Funds			201,608	201,608
Total Other Adjustments to Cash (Uses)	<u>200,000</u>	<u>200,000</u>	<u>201,608</u>	<u>1,608</u>
Net Change in Fund Balance	(71,121)	(71,136)	(46,355)	24,781
Fund Balance - Beginning	<u>71,121</u>	<u>71,136</u>	<u>71,136</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,781</u>	<u>\$ 24,781</u>

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

**SANITATION DISTRICT OPERATING FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 42,000	\$ 42,000	\$ 43,793	\$ 1,793
Miscellaneous			162	162
Total Receipts	42,000	42,000	43,955	1,955
<b>DISBURSEMENTS</b>				
General Government	40,200	45,451	42,230	3,221
Administration	11,800	11,190		11,190
Total Disbursements	52,000	56,641	42,230	14,411
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(10,000)	(14,641)	1,725	16,366
<b>Other Adjustments to Cash (Uses)</b>				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(10,000)	(14,641)	1,725	16,366
Fund Balance - Beginning	10,000	14,641	14,641	
Fund Balance - Ending	\$ 0	\$ 0	\$ 16,366	\$ 16,366

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

**COUNTY CLERK FEES SB 135 FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$ 12,000	\$ 9,750	\$ (2,250)
Interest			2	2
Total Receipts		12,000	9,752	(2,248)
<b>DISBURSEMENTS</b>				
General Government		12,010	5,761	6,249
Total Disbursements		12,010	5,761	6,249
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(10)	3,991	4,001
<b>Other Adjustments to Cash (Uses)</b>				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance		(10)	3,991	4,001
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 3,991	\$ 4,001

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

<b>CLEANER WATER GRANT FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 108,165	\$ 108,165	\$	\$ (108,165)
Total Receipts	<u>108,165</u>	<u>108,165</u>		<u>(108,165)</u>
<b>DISBURSEMENTS</b>				
General Government	108,165	108,165		108,165
Total Disbursements	<u>108,165</u>	<u>108,165</u>		<u>108,165</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
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, 2023**  
**(Continued)**

<b>CDBG/ARC SANITATION GRANT FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,459,000	\$ 2,459,000	\$ 313,924	\$ (2,145,076)
Total Receipts	1,459,000	2,459,000	313,924	(2,145,076)
<b>DISBURSEMENTS</b>				
Capital Projects	1,459,000	2,459,000	190,320	2,268,680
Total Disbursements	1,459,000	2,459,000	190,320	2,268,680
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			123,604	123,604
<b>Other Adjustments to Cash (Uses)</b>				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance			123,604	123,604
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 123,604	\$ 123,604



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

	<b>AMERICAN RECOVERY ACT FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>DISBURSEMENTS</b>				
General Government	\$	\$ 9,313	\$ 9,313	\$
General Health and Sanitation	100,000	100,000	100,000	
Social Services		50,000	50,000	
Administration	480,206	1,500		1,500
Total Disbursements	<u>580,206</u>	<u>160,813</u>	<u>159,313</u>	<u>1,500</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(580,206)</u>	<u>(160,813)</u>	<u>(159,313)</u>	<u>1,500</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(470,893)	(470,893)
Total Other Adjustments to Cash (Uses)			<u>(470,893)</u>	<u>(470,893)</u>
Net Change in Fund Balance	(580,206)	(160,813)	(630,206)	(469,393)
Fund Balance - Beginning	<u>580,206</u>	<u>630,206</u>	<u>630,206</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 469,393</u>	<u>\$ 0</u>	<u>\$ (469,393)</u>

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

<b>OPIOID SETTLEMENT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$	45,259	\$	(45,259)
Total Receipts		45,259		(45,259)
<b>DISBURSEMENTS</b>				
Administration		45,259		45,259
Total Disbursements		45,259		45,259
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			45,259	45,259
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)			45,259	45,259
Net Change in Fund Balance			45,259	45,259
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$	45,259
		\$	0	\$
			45,259	45,259

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

	<b>911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 50,000	\$ 50,000	\$ 45,866	\$ (4,134)
Intergovernmental	138,000	295,115	313,077	17,962
Miscellaneous	500	500	487	(13)
Interest	40	40	84	44
Total Receipts	<u>188,540</u>	<u>345,655</u>	<u>359,514</u>	<u>13,859</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	245,750	545,469	381,658	163,811
Administration	134,282	141,857	138,048	3,809
Total Disbursements	<u>380,032</u>	<u>687,326</u>	<u>519,706</u>	<u>167,620</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(191,492)</u>	<u>(341,671)</u>	<u>(160,192)</u>	<u>181,479</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	176,492	176,492	290,000	113,508
Transfers To Other Funds	<u>          </u>	<u>          </u>	<u>(157,115)</u>	<u>(157,115)</u>
Total Other Adjustments to Cash (Uses)	<u>176,492</u>	<u>176,492</u>	<u>132,885</u>	<u>(43,607)</u>
Net Change in Fund Balance	(15,000)	(165,179)	(27,307)	137,872
Fund Balance - Beginning	<u>15,000</u>	<u>66,123</u>	<u>66,123</u>	<u>          </u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (99,056)</u>	<u>\$ 38,816</u>	<u>\$ 137,872</u>

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

**June 30, 2023**

**Note 1. Budgetary Information**

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

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

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

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

The Ambulance Debt Service Fund, protection to persons and property line-item, exceeded budgeted appropriations by \$202,831.

**Note 3. Reconciliation of the General Fund**

Other Adjustments to Cash (Uses)-Budgetary Basis	\$ 245,629
To adjust for payroll account	<u>20,922</u>
Total Other Adjustments to Cash (Uses)-Regulatory Basis	<u><u>\$ 266,551</u></u>
Fund Balance - Ending-Budgetary Basis	\$ 648,003
To adjust for payroll account	<u>20,922</u>
Total Fund Balance - Ending-Regulatory Basis	<u><u>\$ 668,925</u></u>

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

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

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

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

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 503,978	\$	\$	\$ 503,978
Buildings	10,113,374	50,000		10,163,374
Furniture and Office Equipment	209,426			209,426
Machinery and Equipment	1,321,424	218,170	105,000	1,434,594
Vehicles	1,127,205	475,387		1,602,592
Infrastructure	6,925,644	160,453		7,086,097
 Total Capital Assets	 <u>\$ 20,201,051</u>	 <u>\$ 904,010</u>	 <u>\$ 105,000</u>	 <u>\$ 21,000,061</u>

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

**June 30, 2023**

**Note 1. Capital Assets**

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 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 FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Rick Stiltner, Menifee County Judge/Executive  
Members of the Menifee 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 Menifee County Fiscal Court for the fiscal year ended June 30, 2023 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 July 23, 2024.

**Report on 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 2023-001 and 2023-002 to be material weaknesses.



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

### Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the 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 accompany Schedule of Findings and Responses as items 2023-001 and 2023-002.

### Views of Responsible Official and Planned Corrective Action

*Government Auditing Standards* requires the auditor to perform limited procedures on the county's response to the findings 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

July 23, 2024

**MENIFEE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

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**MENIFEE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

FINANCIAL STATEMENT FINDINGS:

2023-001 The Fourth Quarter Financial Report Was Materially Misstated

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This is a repeat finding and was included in the prior year audit report as finding 2022-001. The fourth quarter financial report, which serves as the county's year-end financial statement, was materially misstated. Adjustments and reclassifications were necessary to record and classify transactions properly.

- In order for the financial statement to accurately reflect receipts, the following adjustments and reclassifications were necessary:
  - General Fund – (1) Reclassify a short-term loan from Traditional Bank in the amount of \$200,000 and (2) Reclassify the Local Assistance and Tribal Consistency Fund (LATCF), or Revenue Sharing grant, in the amount of \$187,799.
  - Ambulance Debt Service Fund – Post financing obligation proceeds for ambulance purchased in the amount of \$202,831.
- Likewise, adjustments and reclassifications were necessary for disbursements to be recorded and classified correctly on the financial statement as follows:
  - General Fund – Reclassify lease payment of garbage truck in the amount of \$10,489.
  - Road Fund – Reclassify lease payment for backhoe in the amount of \$18,750.
  - Ambulance Debt Service Fund – Post the purchase of an ambulance in the amount of \$202,831.

The county did not have adequate internal control, oversight, or review procedures in place to ensure financial activity was accurately recorded and reported in accordance with the uniform system of accounts as required.

Consequently, errors and misstatements occurred and were undetected resulting in the financial statement being materially misstated. Inaccurate financial reporting is problematic because the commissioners and county judge/executive rely on financial data presented to them to be complete and accurate in order to make prudent financial decisions on behalf of the county and taxpayers. Furthermore, external organizations may use and rely on financial information reported by the county so accurate financial reporting should be a priority.

KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” The lack of oversight and review procedures is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the county treasurer thoroughly examine each account line item on the quarterly report to ensure items were posted properly. Each adjustment made by auditors has been presented to and reviewed with the county treasurer. We recommend the county treasurer use these adjustments as guidance when preparing future financial statements. In addition, we recommend the fiscal court establish adequate internal controls, oversight, and review procedures to ensure that all financial data is completely and accurately recorded and reported.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: We will ensure that all financial information is logged correctly.*

**MENIFEE COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-002 The Fiscal Court Did Not Properly Budget For And Record All Debt-Related Disbursements

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This is a repeat finding and was included in the prior year audit report as finding 2022-002. The fiscal court did not comply with reporting requirements for debt bearing the fiscal court's name, which caused the budget appropriated for a line item in the Ambulance Debt Service Fund to be in excess of the amount appropriated. This transaction did not run through the fiscal court's bank account and was not included in the budget process or reflected on the fiscal court's fourth quarter financial report.

As a result, the fiscal court failed to properly budget for and record the debt-related disbursement in the Ambulance Debt Service Fund of \$202,831 that resulted in appropriations in excess of budget in the protection to persons and property category by \$202,831. This occurrence resulted in the liabilities information not accurately being presented to management, regulatory agencies, and other users of the information. Also, adjustments to include this activity on the fourth quarter financial report resulted in county appropriations exceeding the approved budget.

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 not within the budget appropriation, shall be void." KRS 68.280 gives fiscal courts through the state local finance officer, the ability to amend the budget when necessary, which would have prevented appropriations from exceeding the approved budget. Because the fiscal court is obligated for these financing obligations, all debt should be budgeted for and recorded.

We recommend the fiscal court comply with KRS 68.300 and KRS 68.280 by budgeting all disbursements and amending the budget as necessary to reflect unanticipated receipts and disbursements.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: We will correctly log and budget all debt-related transactions.*



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

**MENIFEE COUNTY FISCAL COURT**

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

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
MENIFEE COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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 blue ink, appearing to be "M. A. [unclear]", written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, appearing to be "M. [unclear]", written over a horizontal line.

County Treasurer