

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

**For The Year Ended
June 30, 2022**



**MIKE HARMON
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MIKE HARMON
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 Mitchell Page, Monroe County Judge/Executive

Members of the Monroe 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 Monroe County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Monroe County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Monroe County Fiscal Court, for the year ended June 30, 2022, 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 Monroe County Fiscal Court, for the year ended June 30, 2022, 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 Monroe 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 Mitchell Page, Monroe County Judge/Executive
 Members of the Monroe 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 Monroe 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

Monroe 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 Monroe 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Monroe 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 Mitchell Page, Monroe County Judge/Executive
Members of the Monroe 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 Monroe 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

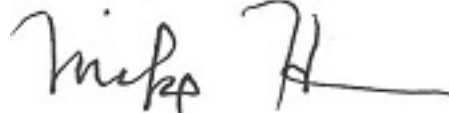
Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, 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.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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Members of the Monroe County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022, on our consideration of the Monroe 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 Monroe County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

October 17, 2022

MONROE COUNTY OFFICIALS**For The Year Ended June 30, 2022****Fiscal Court Members:**

Mitchell Page	County Judge/Executive
Jamie Veach	Magistrate
Roger Deckard	Magistrate
Ricky Bartley	Magistrate
Ricky Graves	Magistrate
Mark Williams	Magistrate

Other Elected Officials:

Wesley Stephens	County Attorney
Elmer Doyle Fox	Jailer
Teresa McMillin Sheffield	County Clerk
Kimberly Hagan	Circuit Court Clerk
Roger Dale Ford	Sheriff
Shawn Guffey	Property Valuation Administrator
Maxie Gentry	Coroner

Appointed Personnel:

Renea Crowe	County Treasurer
Brittany Wilborn	Finance Officer
Deanna York	Occupational Tax Administrator:

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

For The Year Ended June 30, 2022

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

For The Year Ended June 30, 2022

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 2,091,771	\$	\$
In Lieu Tax Payments	48,417		
Excess Fees	214,411		
Licenses and Permits	18,621		
Intergovernmental	375,457	1,769,313	89,504
Miscellaneous	55,705	28,278	5,221
Interest	4,479	2,040	275
Total Receipts	<u>2,808,861</u>	<u>1,799,631</u>	<u>95,000</u>
DISBURSEMENTS			
General Government	845,010		
Protection to Persons and Property	80,165		517,243
General Health and Sanitation	46,063		
Social Services	10,448		
Recreation and Culture	7,552		
Roads		2,666,626	
Airports			
Debt Service			
Capital Projects	32,515		
Administration	794,078	91,699	17,664
Total Disbursements	<u>1,815,831</u>	<u>2,758,325</u>	<u>534,907</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>993,030</u>	<u>(958,694)</u>	<u>(439,907)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds		1,150,000	460,000
Transfers To Other Funds	(1,623,000)		
Total Other Adjustments to Cash (Uses)	<u>(1,623,000)</u>	<u>1,150,000</u>	<u>460,000</u>
Net Change in Fund Balance	(629,970)	191,306	20,093
Fund Balance - Beginning	<u>2,654,324</u>	<u>386,221</u>	<u>41,408</u>
Fund Balance - Ending	<u>\$ 2,024,354</u>	<u>\$ 577,527</u>	<u>\$ 61,501</u>
Composition of Fund Balance			
Bank Balance	\$ 2,042,377	\$ 342,304	\$ 94,076
Plus: Deposits In Transit		240,247	
Less: Outstanding Checks	(18,023)	(5,024)	(32,575)
Fund Balance - Ending	<u>\$ 2,024,354</u>	<u>\$ 577,527</u>	<u>\$ 61,501</u>

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

MONROE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2022
(Continued)

<u>Budgeted Funds</u>			<u>Unbudgeted Fund</u>	
<u>Local Government Economic Assistance Fund</u>	<u>Health Reimbursement Account Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
\$	\$	\$	\$	\$ 2,091,771
				48,417
				214,411
				18,621
44,667		1,034,319	739,150	4,052,410
				89,204
162		1,428	11	8,395
44,829		1,035,747	739,161	6,523,229
		172,995		1,018,005
44,773		150,000		792,181
				46,063
				10,448
				7,552
				2,666,626
3,000				3,000
			736,150	736,150
				32,515
	6,693	70,305	142,936	1,123,375
47,773	6,693	393,300	879,086	6,435,915
(2,944)	(6,693)	642,447	(139,925)	87,314
	13,000			1,623,000
				(1,623,000)
	13,000			
(2,944)	6,307	642,447	(139,925)	87,314
80,490			152,292	3,314,735
\$ 77,546	\$ 6,307	\$ 642,447	\$ 12,367	\$ 3,402,049
\$ 77,546	\$ 6,307	\$ 642,447	\$ 12,367	\$ 3,217,424
				240,247
				(55,622)
\$ 77,546	\$ 6,307	\$ 642,447	\$ 12,367	\$ 3,402,049

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

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TO THE FINANCIAL STATEMENT**

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**MONROE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Monroe County includes all budgeted and unbudgeted funds under the control of the Monroe 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 Monroe County Fire and Rescue Squad and the Monroe County Recreation, Tourist, and Convention Commission 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.

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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 government, 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.

Community Development Block Grant Fund - The primary purpose of this fund is to account for Community Development Block Grant proceeds and expenditures. During the year there was no activity, and the fund has a \$0 balance.

Health Reimbursement Account Fund - The primary purpose of this fund is to account for health benefits for eligible employees. The source of receipts is \$500 per eligible employee and expenditures are automatically debited by the health insurance company.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for receipt and disbursement of these federal funds. The primary source of this fund is federal money for the coronavirus recovery fund.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

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.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Monroe County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Related Obligations and Joint Ventures

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

Monroe County Ambulance District
 Monroe County Water District
 Fountain Run Water District
 Monroe County Industrial Development Board

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Obligations and Joint Ventures

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

Monroe County/Tompkinsville Airport Board

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, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2022.

	General Fund	Total Transfers In
Road Fund	\$ 1,150,000	\$ 1,150,000
Jail Fund	460,000	460,000
Health Reimbursement Account Fund	13,000	13,000
Total Transfers Out	<u>\$ 1,623,000</u>	<u>\$ 1,623,000</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.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 4. Leases

Lessor:

1. On January 3, 2019, the Monroe County Fiscal Court began leasing office space upstairs in the courthouse to U.S. House of Representatives. The lease was for two years and extended to January 2, 2023, and the Monroe County Fiscal Court will receive monthly payments of \$1,500. The Monroe County Fiscal Court recognized \$18,000 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, the Monroe County Fiscal Court's receivable for lease payments was \$9,000.
2. On December 1, 2009, the Monroe County Public Properties Corporation (the corporation), a blended component unit of the fiscal court, began leasing the judicial center to the Administrative Office of the Courts (AOC). The lease is for two years and the rental payments shall agree to the annual principal and interest costs on the bonds issued for the construction of the building. On July 1 of each even numbered year, the lease may be renewed by AOC, for another biennial period of two years. The lease renewal shall automatically be considered to have been affirmatively exercised each even numbered year by AOC, unless notice of its election not to exercise the option for the biennial period be given by AOC to the corporation, the trustee, and the county in writing at least 60 days prior to the renewal date hereof. The corporation recognized \$736,150 in lease revenue during the current fiscal year. As of June 30, 2022, the corporation's receivable for lease payments was \$1,472,700.

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation – Road Equipment

On March 27, 2019, the Monroe County Fiscal Court entered into an agreement with the Kentucky Association Counties Leasing Trust Program (KACoLT) in the amount of \$150,000. The funds were used to purchase a road patcher, oil tank storage, and tank pad, for the road department. Interest is paid annually at a rate of 4.05%. Principal and interest payments are due on March 20 each year through fiscal year 2024. The agreement is secured by the road equipment. In the event of default, the road equipment will be repossessed by KACoLT. The outstanding principal balance as of June 30, 2022, was \$63,276. Future principal and interest requirements are:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Scheduled</u> <u>Interest</u>
2023	\$ 31,071	\$ 2,563
2024	32,205	1,304
Totals	<u>\$ 63,276</u>	<u>\$ 3,867</u>

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Finance Obligation – Property For Community Park

On August 20, 2020, the Monroe County Fiscal Court entered into a general obligation lease with KACoLT in the amount of \$425,000 with \$5,000 premium. The funds of \$430,000 were used on August 26, 2020, to make payment on a short term unsecured promissory note with a local financial institution that was used to purchase property for a community park. Interest is paid annually at a rate of 1.71%. Principal and interest payments are due on December 20 and June 20 each year until December 20, 2035. The agreement is secured by the property on Columbia Avenue. In the event of default, the property will be repossessed by KACoLT. The outstanding principal balance as of June 30, 2022, was \$400,000. Future principal and interest requirements are:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Scheduled</u> <u>Interest & Fees</u>
2023	\$ 25,000	\$ 11,565
2024	25,000	10,502
2025	25,000	9,440
2026	25,000	8,377
2027	25,000	7,315
2028-2032	150,000	24,723
2033-2036	<u>125,000</u>	<u>9,157</u>
Totals	<u>\$ 400,000</u>	<u>\$ 81,079</u>

B. Other Debt

1. First Mortgage Revenue Bonds, Series 2009

On December 1, 2009, the Monroe County Public Properties Corporation issued revenue bonds of \$10,005,000 to pay off the 2008 series notes, which were originally issued for the purpose of constructing a judicial center. On November 17, 2016, the corporation issued first mortgage refunding revenue bonds, series 2016, which defeased a portion of the series 2009 bonds. The non-refunded principal is payable annually on November 1, with final payment being due November 1, 2022. Interest is payable semi-annually on May 1 and November 1 of each year at varying rates from 4% to 4.25%. A mortgage has been issued secured by the judicial center. In the event of default, the judicial center will be repossessed by the financial institution. The corporation has entered into an agreement to lease the Monroe County Judicial Center to the Administrative Office of the Courts, Commonwealth of Kentucky, for the amount of the bond payments. The bonds were paid off November 2021.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 5. Long-term Debt (Continued)

B. Other Debt (Continued)

2. First Mortgage Revenue Bonds, Series 2016

On November 17, 2016, the Monroe County Public Properties Corporation issued \$4,760,000 of first mortgage refunding revenue bonds to advance refund a portion to the series 2009 bonds, which were originally issued for the construction of the judicial center. Principal payments are due annually on November 1, with final payment being due November 1, 2028. Interest is payable semi-annually on May 1 and November 1 of each year at interest rate of 3%. Bonds maturing on or after November 1, 2027, are subject to redemption, in whole or in part, by the corporation prior to their state maturities, at any time on or after November 1, 2026, upon payment of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption. A mortgage has been issued secured by the judicial center. In the event of default, the judicial center will be repossessed by the financial institution. The corporation has entered into an agreement to lease the Monroe County Judicial Center to the Administrative Office of the Courts, Commonwealth of Kentucky, for the amount of the bond payments. The bonds outstanding on June 30, 2022, totaled \$4,655,000. Future principal and interest requirements are:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Scheduled</u> <u>Interest</u>
2023	\$ 605,000	\$ 130,575
2024	625,000	112,125
2025	645,000	93,075
2026	665,000	73,425
2027	685,000	53,175
2028-2029	<u>1,430,000</u>	<u>43,200</u>
Totals	<u>\$ 4,655,000</u>	<u>\$ 505,575</u>

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2022, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Direct Borrowings and Direct Placements	\$ 513,252	\$	\$ 49,976	\$ 463,276	\$ 56,071
Revenue Bonds	<u>5,240,000</u>		<u>585,000</u>	<u>4,655,000</u>	<u>605,000</u>
Total Long-term Debt	<u>\$ 5,753,252</u>	<u>\$ 0</u>	<u>\$ 634,976</u>	<u>\$ 5,118,276</u>	<u>\$ 661,071</u>

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 5. Long-term Debt (Continued)

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations on June 30, 2022, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest
2023	\$ 56,071	\$ 14,128	\$ 605,000	\$ 130,575
2024	57,205	11,806	625,000	112,125
2025	25,000	9,440	645,000	93,075
2026	25,000	8,377	665,000	73,425
2027	25,000	7,315	685,000	53,175
2028-2032	150,000	24,723	1,430,000	43,200
2033-2036	125,000	9,157		
Total	<u>\$ 463,276</u>	<u>\$ 84,946</u>	<u>\$ 4,655,000</u>	<u>\$ 505,575</u>

Note 6. Commitments and Contingencies

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

Note 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 2020 was \$245,372, FY 2021 was \$249,963, and FY 2022 was \$277,831.

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.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

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

The county's contribution rate for nonhazardous employees was 26.95 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Benefits are covered under KRS 78.5536.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

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

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

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.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 8. Health Reimbursement Account

The Monroe County Fiscal Court, in Fiscal Court Order No. 12, established a health reimbursement account on June 30, 2021 to provide employees an additional health benefit. The county provides each eligible employee with \$500 plan during the year to be used on health insurance claims. The health insurance company will automatically deduct from the bank account for employee's health care claims up to \$500 per year. This money is not rolled over and funds not used are forfeited. At the beginning of each fiscal year, the fiscal court will replenish the fund in accordance with the number of eligible employees. As of June 30, 2022, the account balance was \$7,556.

Note 9. Insurance

For the fiscal year ended June 30, 2022, the Monroe 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. Related Party Transactions

The Monroe County Fiscal Court conducted business with a local vendor owned by the sister-in-law of the county judge/executive for payroll services. For fiscal year ended June 30, 2022, the fiscal court expended \$10,300 from the general fund for payroll services.

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MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

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MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,592,900	\$ 1,592,900	\$ 2,091,771	\$ 498,871
In Lieu Tax Payments	51,000	51,000	48,417	(2,583)
Excess Fees	100,000	100,000	214,411	114,411
Licenses and Permits	18,020	18,020	18,621	601
Intergovernmental	454,660	454,660	375,457	(79,203)
Miscellaneous	15,000	15,000	55,705	40,705
Interest	3,000	3,000	4,479	1,479
Total Receipts	2,234,580	2,234,580	2,808,861	574,281
DISBURSEMENTS				
General Government	874,919	950,587	845,010	105,577
Protection to Persons and Property	144,870	161,872	80,165	81,707
General Health and Sanitation	54,660	57,660	46,063	11,597
Social Services	16,300	16,300	10,448	5,852
Recreation and Culture	10,300	10,300	7,552	2,748
Capital Projects	32,515	34,003	32,515	1,488
Administration	1,101,016	1,003,858	794,078	209,780
Total Disbursements	2,234,580	2,234,580	1,815,831	418,749
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			993,030	993,030
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(1,204,460)	(1,204,460)	(1,623,000)	(418,540)
Total Other Adjustments to Cash (Uses)	(1,204,460)	(1,204,460)	(1,623,000)	(418,540)
Net Change in Fund Balance	(1,204,460)	(1,204,460)	(629,970)	574,490
Fund Balance - Beginning	1,204,460	1,704,460	2,654,324	949,864
Fund Balance - Ending	\$ 0	\$ 500,000	\$ 2,024,354	\$ 1,524,354

MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,333,770	\$ 1,413,770	\$ 1,769,313	\$ 355,543
Miscellaneous	28,632	28,632	28,278	(354)
Interest	1,000	1,000	2,040	1,040
Total Receipts	<u>1,363,402</u>	<u>1,443,402</u>	<u>1,799,631</u>	<u>356,229</u>
DISBURSEMENTS				
Roads	1,823,402	2,796,502	2,666,626	129,876
Administration	190,000	182,900	91,699	91,201
Total Disbursements	<u>2,013,402</u>	<u>2,979,402</u>	<u>2,758,325</u>	<u>221,077</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(650,000)</u>	<u>(1,536,000)</u>	<u>(958,694)</u>	<u>577,306</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>650,000</u>	<u>650,000</u>	<u>1,150,000</u>	<u>500,000</u>
Total Other Adjustments to Cash (Uses)	<u>650,000</u>	<u>650,000</u>	<u>1,150,000</u>	<u>500,000</u>
Net Change in Fund Balance		(886,000)	191,306	1,077,306
Fund Balance - Beginning		<u>386,000</u>	<u>386,221</u>	<u>221</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (500,000)</u>	<u>\$ 577,527</u>	<u>\$ 1,077,527</u>

MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 80,880	\$ 80,880	\$ 89,504	\$ 8,624
Miscellaneous	5,000	5,000	5,221	221
Interest			275	275
Total Receipts	85,880	85,880	95,000	9,120
DISBURSEMENTS				
Protection to Persons and Property	609,620	607,941	517,243	90,698
Administration	17,720	19,399	17,664	1,735
Total Disbursements	627,340	627,340	534,907	92,433
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(541,460)	(541,460)	(439,907)	101,553
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	541,460	541,460	460,000	(81,460)
Total Other Adjustments to Cash (Uses)	541,460	541,460	460,000	(81,460)
Net Change in Fund Balance			20,093	20,093
Fund Balance - Beginning			41,408	41,408
Fund Balance - Ending	\$ 0	\$ 0	\$ 61,501	\$ 61,501

MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 44,667	\$ 14,667
Interest			162	162
Total Receipts	30,000	30,000	44,829	14,829
DISBURSEMENTS				
Protection to Persons and Property	45,000	45,000	44,773	227
Airports	3,000	3,000	3,000	
Total Disbursements	48,000	48,000	47,773	227
Net Change in Fund Balance	(18,000)	(18,000)	(2,944)	15,056
Fund Balance - Beginning	18,000	18,000	80,490	62,490
Fund Balance - Ending	\$ 0	\$ 0	\$ 77,546	\$ 77,546

MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

COMMUNITY DEVELOPMENT BLOCK GRANT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 250,000	\$ 250,000	\$	\$ (250,000)
Total Receipts	250,000	250,000		(250,000)
DISBURSEMENTS				
Recreation and Culture	250,000	250,000		250,000
Total Disbursements	250,000	250,000		250,000
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

HEALTH REIMBURSEMENT ACCOUNT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
RECEIPTS			
Total Receipts	\$	\$	\$
DISBURSEMENTS			
Administration	13,000	13,000	6,693
Total Disbursements	13,000	13,000	6,693
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(13,000)	(13,000)	(6,693)
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	13,000	13,000	13,000
Total Other Adjustments to Cash (Uses)	13,000	13,000	13,000
Net Change in Fund Balance			6,307
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 6,307

MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
RECEIPTS			
Intergovernmental	\$	\$ 1,034,319	\$ 1,034,319
Interest			1,428
Total Receipts		1,034,319	1,035,747
DISBURSEMENTS			
General Government		172,995	172,995
Protection to Persons and Property		150,000	150,000
Administration		711,324	70,305
Total Disbursements		1,034,319	393,300
Net Change in Fund Balance			642,447
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 642,447

MONROE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2022

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.

MONROE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

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MONROE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 862,900	\$	\$	\$ 862,900
Buildings and Building Improvements	13,150,302			13,150,302
Equipment	1,185,950	178,495	139,730	1,224,715
Vehicles	623,764	17,000	4,200	636,564
Infrastructure	14,653,590	2,055,767		16,709,357
 Total Capital Assets	 <u>\$ 30,476,506</u>	 <u>\$ 2,251,262</u>	 <u>\$ 143,930</u>	 <u>\$ 32,583,838</u>

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

June 30, 2022

Note 1. Capital Assets

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

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

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

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MIKE HARMON
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 Mitchell Page, Monroe County Judge/Executive
Members of the Monroe 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 Monroe County Fiscal Court for the fiscal year ended June 30, 2022 and the related notes to the financial statement which collectively comprise the Monroe County Fiscal Court's financial statement and have issued our report thereon dated October 17, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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

Compliance And Other Matters

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

Purpose of this Report

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

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

October 17, 2022

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

MONROE COUNTY FISCAL COURT

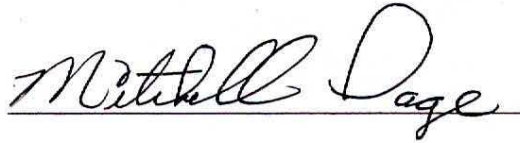
For The Year Ended June 30, 2022

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
MONROE COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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

A handwritten signature in black ink, reading "Mitchell Dage", written over a horizontal line.

County Judge/Executive

A handwritten signature in black ink, reading "Anna Crowe", written over a horizontal line.

County Treasurer