

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

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

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To the People of Kentucky
Honorable Andy Beshear, Governor
Holly McCoy-Johnson, Secretary
Finance and Administration Cabinet
Honorable John Sims, Jr., Fleming County Judge/Executive
Honorable Larry Foxworthy, Former Fleming County Judge/Executive
Members of the Fleming County Fiscal Court

Independent Auditor's Report

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Fleming County Fiscal Court, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Fleming 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 Fleming 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 statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Fleming 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 Opinion

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 the Fleming 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 opinion.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Fleming 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

Fleming 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fleming County Fiscal Court's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinion. 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 generally accepted auditing standards 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.

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- 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 Fleming 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 Fleming County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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 Fleming County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

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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 25, 2023, on our consideration of the Fleming 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 the Fleming County Fiscal Court's 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 Fleming County Fiscal Court's internal control over financial reporting and compliance.

Morgan and Associates, LLC

Morgan and Associates, LLC
West Liberty, Kentucky

July 25, 2023

FLEMING COUNTY OFFICIALS

For The Year Ended June 30, 2022

Fiscal Court Members:

John Sims, Jr.	County Judge/Executive
Larry Foxworthy	Former County Judge/Executive
Taylor Hunt	Magistrate
David Deatley	Former Magistrate
Kerri Moran	Magistrate
Chris Hickerson	Former Magistrate
Rickie Kielman	Magistrate
Ray Money	Magistrate
Donnie Fawns	Magistrate
Joe Dunaway	Magistrate
James Smoot	Former Magistrate

Other Elected Officials:

Monica Hill	County Attorney
Jeff Harmon	Jailer
Jarrod Fritz	County Clerk
Amy Saunders	Circuit Court Clerk
Tim Smith	Sheriff
Gary Kinder	Former Sheriff
Stephanie Hardin	Property Valuation Administrator
Michele Butler	Former Property Valuation Administrator
Winston Grannis	Coroner
Travis McGlone	County Surveyor

Appointed Personnel:

Kathryn Dryden	County Treasurer
Tammy Gray	Finance Officer

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

For The Year Ended June 30, 2022

FLEMING 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	\$ 2,384,949	\$	\$
Excess Fees	282,871		
Licenses and Permits	29,406		
Intergovernmental	301,365	1,638,759	112,324
Charges for Services	75		1,731
Miscellaneous	449,547	29,330	4,420
Interest	6,287	615	20
Total Receipts	<u>3,454,500</u>	<u>1,668,704</u>	<u>118,495</u>
DISBURSEMENTS			
Current:			
General Government	1,147,851		
Protection to Persons and Property	101,523		483,377
General Health and Sanitation	28,207		
Social Services	48,009		
Recreation and Culture	31,000		
Transportation Services and Facilities		8,499	
Roads		2,084,083	
Airports	7,500		
Debt Service		33,395	
Capital Projects			
Administration	1,172,772	338,836	49,919
Total Disbursements	<u>2,536,862</u>	<u>2,464,813</u>	<u>533,296</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	917,638	(796,109)	(414,801)
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	149,271	655,243	420,113
Transfers To Other Funds	(1,132,439)		
Total Other Adjustments to Cash (Uses)	<u>(983,168)</u>	<u>655,243</u>	<u>420,113</u>
Net Change in Fund Balances	(65,530)	(140,866)	5,312
Fund Balances - Beginning	1,347,378	187,773	196
Fund Balances - Ending	<u>\$ 1,281,848</u>	<u>\$ 46,907</u>	<u>\$ 5,508</u>
Composition of Fund Balance			
Bank Balance	\$ 150,685	\$ 46,119	\$ 6,288
Plus: Deposits In Transit		3,091	
Less: Outstanding Checks	(29,250)	(2,326)	(780)
Money Market Funds	1,160,413	23	
Fund Balance - Ending	<u>\$ 1,281,848</u>	<u>\$ 46,907</u>	<u>\$ 5,508</u>

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

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

	Budgeted Funds			
	Local Government Economic Assistance Fund	Forest Fire Fund	CDBG Fund	Dispatch Fund
RECEIPTS				
Taxes	\$	\$ 1,248	\$	\$ 165,704
Excess Fees				
Licenses and Permits				
Intergovernmental	48,679			202,765
Charges for Services				
Miscellaneous			153,975	246
Interest	362			1,292
Total Receipts	49,041	1,248	153,975	370,007
DISBURSEMENTS				
Current:				
General Government			155,546	
Protection to Persons and Property		1,480		330,178
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Services and Facilities				
Roads				
Airports				
Debt Service				
Capital Projects				
Administration				106,198
Total Disbursements		1,480	155,546	436,376
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	49,041	(232)	(1,571)	(66,369)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		108	135,475	89,033
Transfers To Other Funds			(125,475)	
Total Other Adjustments to Cash (Uses)		108	10,000	89,033
Net Change in Fund Balances	49,041	(124)	8,429	22,664
Fund Balances - Beginning	80,827	149	14	356,203
Fund Balances - Ending	\$ 129,868	\$ 25	\$ 8,443	\$ 378,867
Composition of Fund Balance				
Bank Balance	\$ 48,093	\$ 25	\$ 8,443	\$ 78,878
Plus: Deposits In Transit				
Less: Outstanding Checks				(28)
Money Market Funds	81,775			300,017
Fund Balance - Ending	\$ 129,868	\$ 25	\$ 8,443	\$ 378,867

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

FLEMING 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 Funds</u>	
	<u>American Recovery Plan Act Fund</u>	<u>Capital Improvement Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$	\$	\$	\$ 2,551,901
Excess Fees				282,871
Licenses and Permits				29,406
Intergovernmental	1,416,094		965,759	4,685,745
Charges for Services				1,806
Miscellaneous		7,295		644,813
Interest	1,118	956	8	10,658
Total Receipts	1,417,212	8,251	965,767	8,207,200
DISBURSEMENTS				
Current:				
General Government	297,197			1,600,594
Protection to Persons and Property				916,558
General Health and Sanitation				28,207
Social Services				48,009
Recreation and Culture				31,000
Transportation Services and Facilities				8,499
Roads				2,084,083
Airports				7,500
Debt Service			963,558	996,953
Capital Projects	495	96,518		97,013
Administration			118,727	1,786,452
Total Disbursements	297,692	96,518	1,082,285	7,604,868
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,119,520	(88,267)	(116,518)	602,332
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		223,975		1,673,218
Transfers To Other Funds	(279,829)	(135,475)		(1,673,218)
Total Other Adjustments to Cash (Uses)	(279,829)	88,500		
Net Change in Fund Balances	839,691	233	(116,518)	602,332
Fund Balances - Beginning	1,416,241	300,056	120,256	3,809,093
Fund Balances - Ending	\$ 2,255,932	\$ 300,289	\$ 3,738	\$ 4,411,425
Composition of Fund Balance				
Bank Balance	\$ 2,256,427	\$ 134,266	\$ 3,738	\$ 2,732,962
Plus: Deposits In Transit				3,091
Less: Outstanding Checks	(495)			(32,879)
Money Market Funds		166,023		1,708,251
Fund Balance - Ending	\$ 2,255,932	\$ 300,289	\$ 3,738	\$ 4,411,425

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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FLEMING COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Fleming County includes all budgeted and unbudgeted funds under the control of Fleming 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 include non-fiduciary financial activities that are within the county's control. Unbudgeted funds may also include any corporation created under the provisions of KRS 58.180 to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

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 *Government 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 statement, 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 and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) October 1, due at discount October 31, 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 source of receipts for this fund is state payments for truck licenses 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 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.

FLEMING 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)

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.

Forest Fire Fund - The primary purpose of this fund is to account for taxes collected on fire acres and remittance to the state.

CDBG Fund - The primary purpose of this fund is to account for Community Development Block Grant (CDBG) proceeds and related expenditures.

Dispatch Fund - The primary purpose of this fund is to account for the dispatch center expenses of the county. The primary sources of receipts for this fund are 911 taxes and surcharges.

Capital Improvement Fund - The primary purpose of this fund is to account for construction and maintenance costs involving county buildings or properties.

American Rescue Plan Act (ARPA) Fund – This fund is set up exclusively for the funding and expenditures associated with the American Rescue Plan Act of 2021.

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 financing and construction of major capital facilities. This fund handles the financial activities associated with the construction of the Judicial Center.

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 *Government 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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Fleming County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Fleming 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 statement 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 Fleming 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. 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 entity 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 these criteria, the following are considered joint ventures of the Fleming County Fiscal Court

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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Joint Ventures (Continued)

Flemingsburg-Fleming County Tourism
Flemingsburg-Fleming County Industrial Development
Flemingsburg-Fleming County Recreation Board
Flemingsburg-Fleming County Planning and Zoning Commission
Fleming-Mason Airport Board
Flemingsburg-Fleming County and Ewing Ethics Board
Flemingsburg-Fleming County Chamber of Commerce

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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 county 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. As of June 30, 2022, 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 KRS 41.240(4). As of June 30, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

	General Fund	CDBG Fund	ARPA Fund	Capital Improvements Fund	Total Transfers In
General Fund	\$	\$	\$ 149,273	\$	\$ 149,273
Road Fund	575,830		79,413		655,243
Jail Fund	408,000		12,112		420,112
Forest Fire Fund	108				108
CDBG Fund				135,475	135,475
Dispatch Fund	50,000		39,032		89,032
Capital Improvements Fund	98,500	125,475			223,975
Total Transfers Out	\$ 1,132,438	\$ 125,475	\$ 279,830	\$ 135,475	\$ 1,673,218

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.

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

Note 4. Long-term Debt

1. Direct Borrowings and Direct Placements

A. Capital Lease – Dump Truck

On October 2, 2019, Fleming County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties for the purchase of a truck. The agreement is secured by the truck purchased. The agreement requires monthly principal and interest payments beginning November 20, 2019 with a 4.71% fixed interest rate to be paid in full October 2022.

Upon the occurrence of an Event of Default, and as long as the Event of Default is continuing, Lessor may, at its option, exercise any one or more of the following remedies as to the Project, to whichever the Event of Default pertains: (a) Terminate the Lease Term and give notice to the Lessee to vacate or surrender the Project within 60 days from the date of such notice; (b) By written notice to Lessee, enter and take immediate possession of the Project; (c) Recover from the Lessee: (i) the Lease Payments which would otherwise have been payable hereunder during any period in which the Lessee continues to use, occupy or retain possession of the Project; and (ii) Lease Payments which would otherwise have been payable hereunder after the Lessee vacates or surrenders the Project during the remainder of the fiscal year in which such Event of Default occurs; (d) Sell or lease the Project or sublease it for the account of Lessee, holding Lessee liable for all Lease Payments and other payments due during the remaining Lease Term to the extent that such selling, leasing or subleasing fails to provide amounts which are sufficient to pay the remaining Lease Payments when due, with any proceeds of the sale of the Project being applied first to all past due Lease Payments and then to the portion of Lease Payments applicable to the Principal Component in inverse order of their due date; and (e) Exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law, subject to the limitations contained in this Lease with respect to the Lessee's obligations upon the occurrence of an Event of Nonappropriation; or proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach of this Lease or to rescind this Lease as to any or all of the Project, including, but not limited to, any one or more remedial steps available to secured parties under Article 9 of the UCC and which are otherwise accorded to Lessor by applicable law.

Lessee will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred and enforced the remedies set forth in this Section.

The principal balance of the agreement was \$11,006 as of June 30, 2022. Future principal and interest payments are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	<u>\$ 11,006</u>	<u>\$ 96</u>
Totals	<u><u>\$ 11,006</u></u>	<u><u>\$ 96</u></u>

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

Note 4. Long-term Debt (Continued)

2. Other Debt

A. First Mortgage Revenue Bonds

On May 1, 2010, Fleming Public Properties Corporation issued first mortgage revenue bond anticipation notes in the amount of \$13,510,000. The proceeds of this issue were used to provide funding for financing of the Justice Center project. The notes were issued with a variable interest rate of 1 to 4.25 percent, with a retirement date of November 1, 2029. Semi-annual interest payments are due on November 1 and May 1 of each year and principal payments are due annually on November 1 of each year. Funding of the debt service is provided by a lease agreement with the Kentucky Administrative Office of the Courts. On October 20, 2016, these bonds were partially defeased with First Mortgage Refunding Revenue Bonds, Series 2016 (See Other Debt B).

As of June 30, 2022, the principal was paid in full.

B. First Mortgage Refunding Revenue Bonds, Series 2016 – Judicial Center

On October 20, 2016, Fleming County Public Properties Corporations issued first mortgage refunding revenue bonds, series 2016, in the amount of \$6,980,000. The proceeds of this issue were to pay off the first mortgage revenue bonds series 2009 (See Note 4A), which was for the construction of the judicial center. The bonds have interest rates ranging from 2.04 percent with a retirement date of November 1, 2018. They require interest payments to be made May and November each year beginning on May 1, 2018. Annual principal payments begin November 1, 2020.

In the event of default, the AOC shall elect not to renew this Lease at any time, or fail to pay the stipulated AOC Rentals, or the County shall elect not to renew this Lease at any time, or fail to pay the stipulated County Proportionate Share, then and in that event and upon any ensuing default in the payment of the principal of or interest on the Bonds, the Mortgage, as the case may be, shall be enforced, which enforcement may, under the terms of the Mortgage, include foreclosure of the liens created by the Mortgage and sale of the Project. No such sale or foreclosure, however, shall give rise to any right to a deficiency judgement against the County or the AOC or the Issuer in any sum, and until such sale the County may at any time, by payment of all costs of action and charges of the Trustee, and by discharge of principal of and interest on the Bonds, receive unencumbered fee simple title to the Project. In the event of any such enforcement by the Trustee (whether occasioned by the default of the AOC or the county or by the failure of the Issuer to apply the Use Allowance to the payment of the Bonds and interest) from the proceeds of any operation of the Project or foreclosure and sale of the Project by the Trustee there shall first be paid all expenses incident to said enforcement, as provided in the Mortgage, and thereafter the Bonds and interest then outstanding shall be paid and retired, and if there shall remain any excess after paying such expenses and the claims of Owners, the entire amount of such excess shall be paid over in cash to the County.

Notwithstanding the foregoing, as an alternative remedy, the Trustee is entitled to enter upon the premises, evict the AOC and the County and relet the Project under such terms and conditions as it deems prudent; the proceeds of such reletting to be applied to the payment of the principal and interest requirements on the Bonds.

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

Note 4. Long-term Debt (Continued)

2. Other Debt (Continued)

B. First Mortgage Refunding Revenue Bonds, Series 2016 – Judicial Center (Continued)

The principal balance of the issue was \$6,685,000 as of June 30, 2022. Future principal and interest payments are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2023	\$ 835,000	\$ 130,506
2024	855,000	113,606
2025	870,000	96,356
2026	890,000	78,200
2027	910,000	59,075
2028-2030	2,325,000	63,803
Totals	<u>\$ 6,685,000</u>	<u>\$ 541,546</u>

3. Long-term Debt Maturity in the Aggregate

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Scheduled Interest	Principal	Scheduled Interest
2023	\$ 11,006	\$ 96	\$ 835,000	\$ 130,506
2024			855,000	113,606
2025			870,000	96,356
2026			890,000	78,200
2027			910,000	59,075
2028-2030			2,325,000	63,803
Totals	<u>\$ 11,006</u>	<u>\$ 96</u>	<u>\$ 6,685,000</u>	<u>\$ 541,546</u>

4. Changes in Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 43,209	\$	\$ 32,203	\$ 11,006	\$ 11,006
Revenue Bonds	7,495,000		810,000	6,685,000	835,000
Total Long-term Debt	<u>\$ 7,538,209</u>	<u>\$ 0</u>	<u>\$ 842,203</u>	<u>\$ 6,696,006</u>	<u>\$ 846,006</u>

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

Note 5. 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 Public Pension Authority (KPPA). This is a cost sharing, multiple employer defined benefit pension plan that 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 the FY 2020 was \$425,816, the FY 2021 was \$457,451, and the FY 2022 was \$568,498.

Nonhazardous

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to be allocated as follows: five percent will go to the member's account and one percent will go to the KPPA 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 account. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute one 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 KPPA Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent 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.

Hazardous

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KPPA 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.

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

Note 5. Employee Retirement System (Continued)

Hazardous (Continued)

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent of their annual creditable compensation and also contribute one 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 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 44.33 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage – Tier 1

CERS also provides post-retirement health care coverage as follows:

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

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen 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, such 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.

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

Note 5. 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, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. The dollar amount is subject to adjustment annually by 1.5%. 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% 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. Health Insurance Coverage – Tier 2 and Tier 3 – Hazardous

Once members reach a minimum vesting period of 15 years, 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%. 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.

D. Cost of Living Adjustments – Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KPPA 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%. 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.

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

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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 the benefit. Members with multiple accounts are entitled to only one death benefit.

KPPA Annual Financial Report and Proportionate Share Audit Report

KPPA 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 a proportionate share audit report that includes the 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 Schedule of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 6. Deferred Compensation

On February 24, 2000, Fleming 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 Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 7. Subsequent Review

Subsequent events have been evaluated through July 25, 2023, which is the date the financial statement were available to be issued.

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

Note 8. Insurance

For the fiscal year ended June 30, 2022, Fleming County 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 a 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. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

For The Year Ended June 30, 2022

FLEMING COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,975,000	\$ 1,975,000	\$ 2,384,949	\$ 409,949
Excess Fees	156,550	190,621	282,871	92,250
Licenses and Permits	28,032	28,032	29,406	1,374
Intergovernmental	317,885	417,885	301,365	(116,520)
Charges for Services	125	7,122	75	(7,047)
Miscellaneous	352,600	394,367	449,547	55,180
Interest	1,850	1,850	6,287	4,437
Total Receipts	2,832,042	3,014,877	3,454,500	439,623
DISBURSEMENTS				
General Government	1,049,190	1,236,941	1,147,851	89,090
Protection to Persons and Property	147,765	159,607	101,523	58,084
General Health and Sanitation	35,972	37,242	28,207	9,035
Social Services	10,000	110,000	48,009	61,991
Recreation and Culture	43,313	44,313	31,000	13,313
Airports	7,500	7,500	7,500	0
Administration	1,328,449	1,711,071	1,172,772	538,299
Total Disbursements	2,622,189	3,306,674	2,536,862	769,812
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	209,853	(291,797)	917,638	1,209,435
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			149,271	149,271
Transfers To Other Funds	(1,159,853)	(1,204,853)	(1,132,439)	72,414
Total Other Adjustments to Cash (Uses)	(1,159,853)	(1,204,853)	(983,168)	221,685
Net Change in Fund Balances	(950,000)	(1,496,650)	(65,530)	1,431,120
Cash Balances and Cash Equivalents - Fund Balances - Beginning	950,000	1,347,378	1,347,378	0
Fund Balances - Ending	\$ 0	\$ (149,272)	\$ 1,281,848	\$ 1,431,120

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,664,924	\$ 1,808,904	\$ 1,638,759	\$ (170,145)
Miscellaneous	12,000	18,331	29,330	10,999
Interest	650	650	615	(35)
Total Receipts	1,677,574	1,827,885	1,668,704	(159,181)
DISBURSEMENTS				
Transportation Facilities and Services	7,500	8,499	8,499	0
Roads	1,924,836	2,283,813	2,084,083	199,730
Debt Service	33,520	34,700	33,395	1,305
Administration	437,548	343,888	338,836	5,052
Total Disbursements	2,403,404	2,670,900	2,464,813	206,087
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(725,830)	(843,015)	(796,109)	46,906
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	575,830	575,830	655,243	79,413
Total Other Adjustments to Cash (Uses)	575,830	575,830	655,243	79,413
Net Change in Fund Balances	(150,000)	(267,185)	(140,866)	126,319
Fund Balances - Beginning	150,000	187,773	187,773	0
Fund Balances - Ending	\$ 0	\$ (79,412)	\$ 46,907	\$ 126,319

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

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 94,300	\$ 94,300	\$ 112,324	\$ 18,024
Charges for Services	20,000	20,000	1,731	(18,269)
Miscellaneous	100	100	4,420	4,320
Interest	25	25	20	(5)
Total Receipts	114,425	114,425	118,495	4,070
DISBURSEMENTS				
Protection to Persons and Property	585,976	654,635	483,377	171,258
Adminsitration	62,972	51,426	49,919	1,507
Total Disbursements	648,948	706,061	533,296	172,765
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(534,523)	(591,636)	(414,801)	176,835
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	534,023	579,023	420,113	(158,910)
Total Other Adjustments to Cash (Uses)	534,023	579,023	420,113	(158,910)
Net Change in Fund Balances	(500)	(12,613)	5,312	17,925
Fund Balances - Beginning	500	500	196	(304)
Fund Balances - Ending	\$ 0	\$ (12,113)	\$ 5,508	\$ 17,621

FLEMING 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	\$ 35,000	\$ 35,000	\$ 48,679	\$ 13,679
Miscellaneous	50	50		(50)
Interest	270	270	362	92
Total Receipts	35,320	35,320	49,041	13,721
DISBURSEMENTS				
Roads	50,000	50,000		50,000
Administration	65,320	66,147		66,147
Total Disbursements	115,320	116,147		116,147
Net Change in Fund Balances	(80,000)	(80,827)	49,041	129,868
Fund Balances - Beginning	80,000	80,827	80,827	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 129,868	\$ 129,868

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

FOREST FIRE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,280	\$ 1,280	\$ 1,248	\$ (32)
Charges for Services	100	100		(100)
Total Receipts	1,380	1,380	1,248	(132)
DISBURSEMENTS				
Protection to Persons and Property	1,480	1,480	1,480	0
Administration	50	50		50
Total Disbursements	1,530	1,530	1,480	50
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(150)	(150)	(232)	(82)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			108	108
Total Other Adjustments to Cash (Uses)			108	108
Net Change in Fund Balances	(150)	(150)	(124)	26
Fund Balances - Beginning	150	150	149	(1)
Fund Balances - Ending	\$ 0	\$ 0	\$ 25	\$ 25

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

	CDBG FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 1,750,000	\$ 153,975	\$ (1,596,025)
Total Receipts		1,750,000	153,975	(1,596,025)
DISBURSEMENTS				
General Government		1,750,015	155,546	1,594,469
Total Disbursements	15	1,750,015	155,546	1,594,469
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(15)	(15)	(1,571)	(1,556)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			135,475	135,475
Transfers To Other Funds			(125,475)	(125,475)
Total Other Adjustments to Cash (Uses)			10,000	10,000
Net Change in Fund Balances	(15)	(15)	8,429	8,444
Fund Balances - Beginning	15	15	14	(1)
Fund Balances - Ending	\$ 0	\$	\$ 8,443	\$ 8,443

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

DISPATCH FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 160,000	\$ 160,000	\$ 165,704	\$ 5,704
Intergovernmental	172,256	172,256	202,765	30,509
Miscellaneous	1,000	1,000	246	(754)
Interest	250	250	1,292	1,042
Total Receipts	333,506	333,506	370,007	36,501
DISBURSEMENTS				
Protection to Persons and Property	362,415	397,799	330,178	67,621
Administration	346,091	380,943	106,198	274,745
Total Disbursements	708,506	778,742	436,376	342,366
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	(375,000)	(445,236)	(66,369)	378,867
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	50,000	50,000	89,033	39,033
Total Other Adjustments to Cash (Uses)	50,000	50,000	89,033	39,033
Net Change in Fund Balances	(325,000)	(395,236)	22,664	417,900
Fund Balances - Beginning	325,000	356,203	356,203	0
Fund Balances - Ending	\$ 0	\$ (39,033)	\$ 378,867	\$ 417,900

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

AMERICAN RECOVERY PLAN ACT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
RECEIPTS			Variance with Final Budget Positive (Negative)
Intergovernmental	\$	\$ 1,416,094	\$ 1,416,094
Interest			1,118
Total Receipts		1,416,094	1,417,212
			1,118
DISBURSEMENTS			
General Government		297,197	297,197
Capital Projects		495	495
Administration		2,254,813	2,254,813
Total Disbursements		2,552,505	297,692
			2,254,813
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,136,411)	1,119,520
			2,255,931
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			
Transfers To Other Funds			(279,829)
Total Other Adjustments to Cash (Uses)			(279,829)
			(279,829)
Net Change in Fund Balances		(1,136,411)	839,691
Fund Balances - Beginning		1,416,241	1,416,241
			0
Fund Balances - Ending	\$ 0	\$ 279,830	\$ 2,255,932
			\$ 1,976,102

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

CAPITAL IMPROVEMENTS FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 9,647	\$ 9,647	\$ 7,295	\$ (2,352)
Interest	620	620	956	336
Total Receipts	10,267	10,267	8,251	(2,016)
DISBURSEMENTS				
General Government	16,000	16,000		16,000
Capital Projects	10,000	106,518	96,518	10,000
Administration	284,267	187,805		187,805
Total Disbursements	310,267	310,323	96,518	213,805
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(300,000)	(300,056)	(88,267)	211,789
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			223,975	223,975
Transfers To Other Funds			(135,475)	(135,475)
Total Other Adjustments to Cash (Uses)			88,500	88,500
Net Change in Fund Balances	(300,000)	(300,056)	233	300,289
Fund Balances - Beginning	300,000	300,056	300,056	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 300,289	\$ 300,289

FLEMING 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, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board* and according to the laws of Kentucky as required by the State Local Finance Officer.

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

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

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

For The Year Ended June 30, 2022

FLEMING 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	\$ 2,240,562	\$ 96,518	\$	\$ 2,337,080
Buildings	13,679,291			13,679,291
Vehicles	1,449,049	215,908	105,304	1,559,653
Equipment	1,440,370	46,293	6,500	1,480,163
Infrastructure	9,960,914	852,723		10,813,637
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets	<u>\$ 28,770,186</u>	<u>\$ 1,211,442</u>	<u>\$ 111,804</u>	<u>\$ 29,869,824</u>

**FLEMING COUNTY
NOTES TO OTHER
INFORMATION – 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		10-60
Buildings and Building Improvements		10-75
Machinery and Equipment		3-25
Vehicles		3-25
Infrastructure		10-50

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

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The Honorable John Sims, Jr., Fleming County Judge/Executive
The Honorable Larry Foxworthy, Fleming County Former Judge/Executive
Members of the Fleming County Fiscal Court

Independent Auditor's 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*

We have audited, in accordance with the 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 Fleming County Fiscal Court, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Fleming County Fiscal Court's basic financial statement, and have issued our report thereon dated July 25, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Independent Auditor's 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*
(Continued)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fleming County Fiscal Court's financial statement is free from 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.

Morgan and Associates, LLC

Morgan and Associates, LLC
West Liberty, Kentucky

July 25, 2023

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
FLEMING COUNTY FISCAL COURT**

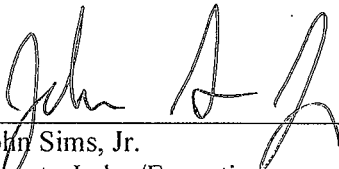
**For The Fiscal Year Ended
June 30, 2022**

Appendix A

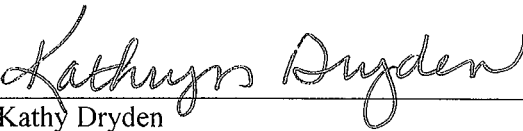
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
FLEMING COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2022

Fleming 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.



John Sims, Jr.
County Judge/Executive



Kathy Dryden
County Treasurer