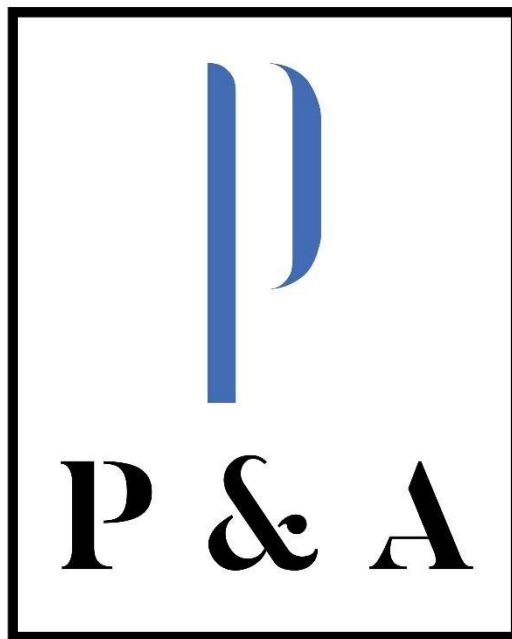


**REPORT OF THE AUDIT OF THE  
JESSAMINE COUNTY  
FISCAL COURT**

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



**PATRICK & ASSOCIATES, LLC**

**124 Candlewood Drive  
Winchester, KY 40391**

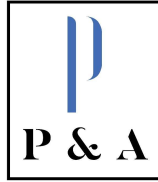


## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
JESSAMINE COUNTY OFFICIALS .....	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	7
NOTES TO FINANCIAL STATEMENT.....	11
BUDGETARY COMPARISON SCHEDULES.....	27
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES .....	36
SCHEDULE OF CAPITAL ASSETS.....	39
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	40
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	43
SCHEDULE OF FINDINGS AND RESPONSES .....	47
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## Independent Auditor's Report

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable David K. West, Jessamine County Judge/Executive  
Members of the Jessamine 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 Jessamine County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Jessamine County Fiscal Court's financial statement as listed in the table of contents.

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

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Jessamine 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 Jessamine 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 Jessamine 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 David K. West, Jessamine County Judge/Executive  
 Members of the Jessamine 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 Jessamine 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***

Jessamine 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 Jessamine 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 Jessamine 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.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable David K. West, Jessamine County Judge/Executive  
Members of the Jessamine County Fiscal Court

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

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

### ***Other Information***

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

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

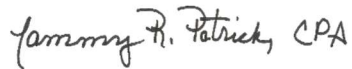
In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023 on our consideration of the Jessamine County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Jessamine County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable David K. West, Jessamine County Judge/Executive  
Members of the Jessamine County Fiscal Court

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

- 2022-001 Jessamine County Fiscal Court Did Not Properly Account For The Debt Proceeds Or The Payment of Debt by the Bank On County's Financial Statement on the Sale of Property Related to the Series 2016 General Obligation Bonds On The Fourth Quarter Financial Statement
- 2022-002 Jessamine County Fiscal Court Did Not Record the Public Properties Corporation Debt on the Liabilities Section of the Fourth Quarter Financial Statement
- 2022-003 Jessamine County Fiscal Court Failed To Properly Monitor Internal Controls Over Animal Control Receipts

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive, flowing style.

Tammy R. Patrick, CPA  
Patrick & Associates, LLC

June 21, 2023



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

David K. West	County Judge/Executive
Terry Meckstroth	Magistrate
Gary Morgan	Magistrate
Kent Slusher	Magistrate
Justin Ray	Magistrate
Tim Vaughn	Magistrate
Paul Floyd	Magistrate

**Other Elected Officials:**

Brian Goettl	County Attorney
Jon Sallee	Jailer
Johnny Collier	County Clerk
Doug Fain	Circuit Court Clerk
Anthony Purcell	Sheriff
Brad Freeman	Property Valuation Administrator
Michael Hughes	Coroner

**Appointed Personnel:**

Ann Cissell	County Treasurer
-------------	------------------

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

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

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

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

	<b>Budgeted Funds</b>			<b>Local Government Economic Assistance Fund</b>
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	
<b>RECEIPTS</b>				
Taxes	\$ 21,378,902	\$	\$	\$
Excess Fees	1,686,480			
Licenses and Permits	343,589			
Intergovernmental	905,017	1,075,199	947,059	197,741
Charges for Services	745,769		158,954	
Miscellaneous	2,035,948	13,738	68,536	7,200
Interest	36,429	2,878	100	437
Total Receipts	<u>27,132,134</u>	<u>1,091,815</u>	<u>1,174,649</u>	<u>205,378</u>
<b>DISBURSEMENTS</b>				
General Government	6,137,944			107,500
Protection to Persons and Property	453,932		2,488,720	
General Health and Sanitation	1,755,498			
Social Services	195,210			
Recreation and Culture	577,450			20,160
Roads		821,686		
Other Transportation Facilities and Services	164,143			
Debt Service	787,767			
Capital Projects	294,949	13,174		
Administration	6,188,004	99,992	517,312	
Total Disbursements	<u>16,554,897</u>	<u>934,852</u>	<u>3,006,032</u>	<u>127,660</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>10,577,237</u>	<u>156,963</u>	<u>(1,831,383)</u>	<u>77,718</u>
<b>Other Adjustments to Cash (Uses)</b>				
Change in Payroll Revolving Account	(31,323)			
Financing Obligation Proceeds				
Cost of Issuance				
Transfers From Other Funds	82,449	6,730	1,855,522	
Transfers To Other Funds	(4,642,100)			
Total Other Adjustments to Cash (Uses)	<u>(4,590,974)</u>	<u>6,730</u>	<u>1,855,522</u>	
Net Change in Fund Balance	5,986,263	163,693	24,139	77,718
Fund Balance - Beginning	16,065,863	1,157,814	119,692	121,730
Fund Balance - Ending	<u>\$ 22,052,126</u>	<u>\$ 1,321,507</u>	<u>\$ 143,831</u>	<u>\$ 199,448</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 22,122,713	\$ 1,321,869	\$ 151,623	\$ 199,448
Plus: Deposits In Transit				
Less: Outstanding Checks	(70,587)	(362)	(7,792)	
Fund Balance - Ending	<u>\$ 22,052,126</u>	<u>\$ 1,321,507</u>	<u>\$ 143,831</u>	<u>\$ 199,448</u>

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

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

Budgeted Funds					Unbudgeted Funds
Ambulance Fund	Jail Construction Fund	County Bond Sinking Fund	Emergency Services Fund	American Rescue Plan Act Fund	Equitable Sharing Forfeiture Fund
\$	\$	\$	\$ 1,434,793	\$	\$
10,000			303,137	5,255,602	
2,728,230			156,534		
2,286	14,930		72	9	45
256	32	299	2,282	1,924	
<u>2,740,772</u>	<u>14,962</u>	<u>299</u>	<u>1,896,818</u>	<u>5,257,535</u>	<u>45</u>
3,466,069			1,431,519		
		419,539			
	638,112			63,386	
<u>1,173,826</u>	<u>638,112</u>	<u>419,539</u>	<u>347,456</u>	<u>2,509</u>	<u>90</u>
<u>4,639,895</u>	<u>638,112</u>	<u>419,539</u>	<u>1,778,975</u>	<u>65,895</u>	<u>90</u>
(1,899,123)	(623,150)	(419,240)	117,843	5,191,640	(45)
1,869,488	525,000	500,000	29,676		100
(2,279)	(10,449)		(2,200)	(211,937)	
<u>1,867,209</u>	<u>514,551</u>	<u>500,000</u>	<u>27,476</u>	<u>(211,937)</u>	<u>100</u>
(31,914)	(108,599)	80,760	145,319	4,979,703	55
288,638	108,599	424,636	1,012,818		
<u>\$ 256,724</u>	<u>\$ 0</u>	<u>\$ 505,396</u>	<u>\$ 1,158,137</u>	<u>\$ 4,979,703</u>	<u>\$ 55</u>
\$ 279,149	\$	\$ 505,396	\$ 1,158,257	\$ 4,979,703	\$ 55
(22,425)			(120)		
<u>\$ 256,724</u>	<u>\$ 0</u>	<u>\$ 505,396</u>	<u>\$ 1,158,137</u>	<u>\$ 4,979,703</u>	<u>\$ 55</u>

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

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

	<b>Unbudgeted Funds</b>			<b>Internal Service Fund</b>
	<b>Public Properties Corporation Fund</b>	<b>Jail Commissary Fund</b>	<b>Total Funds</b>	<b>Health Insurance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$	\$	\$ 22,813,695	\$
Excess Fees			1,686,480	
Licenses and Permits			343,589	
Intergovernmental			8,693,755	
Charges for Services			3,789,487	
Miscellaneous	421	183,897	2,327,082	3,225,649
Interest			44,637	
Total Receipts	421	183,897	39,698,725	3,225,649
<b>DISBURSEMENTS</b>				
General Government			6,245,444	2,435,455
Protection to Persons and Property			7,840,240	
General Health and Sanitation			1,755,498	
Social Services			195,210	
Recreation and Culture		170,395	768,005	
Roads			821,686	
Other Transportation Facilities and Services			164,143	
Debt Service			1,207,306	
Capital Projects	1,933,857		2,943,478	
Administration			8,329,189	790,395
Total Disbursements	1,933,857	170,395	30,270,199	3,225,850
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,933,436)	13,502	9,428,526	(201)
<b>Other Adjustments to Cash (Uses)</b>				
Change in Payroll Revolving Account			(31,323)	
Financing Obligation Proceeds	3,500,000		3,500,000	
Cost of Issuance	(18,200)		(18,200)	
Transfers From Other Funds			4,868,965	
Transfers To Other Funds			(4,868,965)	
Total Other Adjustments to Cash (Uses)	3,481,800		3,450,477	
Net Change in Fund Balance	1,548,364	13,502	12,879,003	(201)
Fund Balance - Beginning		51,462	19,351,252	403
Fund Balance - Ending	\$ 1,548,364	\$ 64,964	\$ 32,230,255	\$ 202
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 1,548,364	\$ 79,872	\$ 32,346,449	\$ 443,128
Plus: Deposits In Transit				324,963
Less: Outstanding Checks		(14,908)	(116,194)	(767,889)
Fund Balance - Ending	\$ 1,548,364	\$ 64,964	\$ 32,230,255	\$ 202

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	11
NOTE 2.	DEPOSITS .....	14
NOTE 3.	TRANSFERS.....	14
NOTE 4.	CUSTODIAL FUNDS .....	15
NOTE 5.	LEASES .....	15
NOTE 6.	SHORT-TERM DEBT .....	17
NOTE 7.	LONG-TERM DEBT .....	17
NOTE 8.	COMMITMENTS AND CONTINGENCIES .....	20
NOTE 9.	EMPLOYEE RETIREMENT SYSTEM .....	20
NOTE 10.	DEFERRED COMPENSATION.....	23
NOTE 11.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT .....	23
NOTE 12.	HEALTH INSURANCE FUND.....	23
NOTE 13.	TAX ABATEMENTS .....	23
NOTE 14.	RELATED PARTY TRANSACTIONS.....	24
NOTE 15.	CONDUIT DEBT.....	24
NOTE 16.	PAYROLL REVOLVING ACCOUNT .....	24

**JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2022**

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

**A. Reporting Entity**

The financial statement of Jessamine County includes all budgeted and unbudgeted funds under the control of the Jessamine County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

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

**JESSAMINE 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.

Ambulance Fund - The primary purpose of this fund is to account for receipts and disbursements related to providing ambulance services to the county

Jail Construction Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the construction of jail facilities in the county.

County Bond Sinking Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the debt the county has acquired as a result of various projects in the county.

Emergency Services Fund - The primary purpose of this fund is to account for disaster and emergency expenses of the county. The primary sources of receipts for this fund are federal and state grants.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund are federal grants received under the American Recovery Plan Act.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Equitable Sharing Forfeiture Fund - The primary purpose of this fund is to account for receipts and disbursements associated with assets forfeited to the county.

Public Facilities Construction Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds or other debt instruments issued to fund construction of public buildings.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

**Internal Service Fund**

Health Insurance Fund - The fund is used to account for the self-funded health insurance activity of the Jessamine Fiscal Court.

**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.



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

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

**D. Budgetary Information (Continued)**

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

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

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

The state local finance officer does not require the public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Jessamine County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Jessamine 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 Jessamine 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.

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

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

**H. Joint Venture**

The Jessamine County Fiscal Court entered into a joint venture with the City of Nicholasville Parks and Recreation department to establish a board with members appointed by the city and the county to oversee the operations of parks within the city and county.

**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	Ambulance Fund	Construction Fund	Emergency Medical Services Fund	American Rescue Plan Act Fund	Total Transfers In
General Fund	\$	\$	\$ 10,449	\$	\$ 72,000	\$ 82,449
Road Fund					6,730	6,730
Jail Fund	1,813,000				42,522	1,855,522
Ambulance Fund	1,804,000			2,200	63,288	1,869,488
Jail Construction Fund	525,000					525,000
County Bond Sinking Fund	500,000					500,000
Emergency Services Fund		2,279			27,397	29,676
Equitable Sharing Forfeiture Fund	100					100
Total Transfers Out	<u>\$ 4,642,100</u>	<u>\$ 2,279</u>	<u>\$ 10,449</u>	<u>\$ 2,200</u>	<u>\$ 211,937</u>	<u>\$ 4,868,965</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.

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

**Note 4. Custodial Funds**

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2022 was \$60,458.

**Note 5. Leases**

**A. Lessor**

**1. Central Kentucky Hauling, LLC**

On December 1, 2017, Jessamine County Fiscal Court began leasing a portion of the building and premises located at 123 Hendren Way, Nicholasville, KY, to Central Kentucky Hauling, LLC. The lease requires a monthly payment of \$1,000 to the Jessamine County Fiscal Court. Jessamine County Fiscal Court recognized \$11,000 in lease revenue during the current fiscal year as a result of this lease.

**2. Jessamine County Extension Office**

On September 4, 2008, Jessamine County Fiscal Court entered into a Lease Agreement with the Jessamine County Extension Office for office space at 95 Park Drive, Nicholasville, KY. The lease is for a term of 360 months, and will terminate on September 3, 2038. Jessamine County Fiscal Court recognized \$130,200 in lease revenue during the current fiscal year as a result of this lease. As of June 30, 2022, terms of the agreement were up to date.

**3. Republic Services**

On November 1, 2016, Jessamine County Fiscal Court began leasing the premises at 117 Hendren Way, Nicholasville, KY to Republic Services. The lease requires a monthly payment of \$1,000 to the Jessamine County Fiscal Court. This lease was terminated on December 31, 2021. Jessamine County Fiscal Court recognized \$6,000 in lease revenue during the current fiscal year as a result of this lease.

**4. Choice Radio NJK**

On December 20, 2014, Jessamine County Fiscal Court entered into a Lease Agreement with Choice Radio NJK, for office space located at 116 North Main Street, Suite 3, Nicholasville, KY. The term of this lease is for five years (renewable), and requires a monthly payment of \$800 to the Jessamine County Fiscal Court. Jessamine County Fiscal Court recognized \$9,600 in lease revenue during the current fiscal year as a result of this lease. As of June 30, 2022, terms of the agreement were up to date.

**5. Christian Creech, Attorney at Law, PLLC**

On March 19, 2014, Jessamine County Fiscal Court entered into a Lease Agreement with Christian Creech, Attorney at Law, PLLC, for office space located upstairs, at 116 North Main Street, Nicholasville, KY. The term of the lease is for one year (lessee can renew for one year by request thirty days prior to renewal, sixty days' notice is required for termination). The lease requires a monthly payment of \$750 to the Jessamine County Fiscal Court. Jessamine County Fiscal Court recognized \$7,500 in lease revenue during the current fiscal year as a result of this lease.

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

**Note 5. Leases (Continued)**

**A. Lessor (Continued)**

**6. Deeken Restaurants Incorporated (Nicholasville Cafe)**

On August 3, 2017, Jessamine County Fiscal Court began leasing certain real property at 111 North Main Street, Nicholasville, KY, to Deeken Restaurants Incorporated (Nicholasville Cafe). The lease is for a period of 12 months, for \$400 per month. The lessor or lessee may terminate the lease at any time with a thirty (30) day notice, and the lease is renewable with thirty (30) days notification prior to the end of the lease. The lease has been negotiated to amend payments to \$200 per month. Jessamine County Fiscal Court recognized \$2,400 during the current fiscal year as a result of this lease.

**7. Fred Fick**

Jessamine County Fiscal Court entered into an agreement with Fred Fick to lease the Farmhouse located at the Aline Ludwig Center at Hickman Creek, within the Camp Nelson Heritage Park in Jessamine County, KY. The term of the lease requires a \$200 monthly payment for twelve (12) months (with an option to renew the Lease for an additional year at a time). Jessamine County Fiscal Court recognized \$2,000 in lease revenue during the current fiscal year as a result of this lease.

**8. Jessamine County Attorney**

Jessamine County Fiscal Court entered into a Lease Agreement with the Jessamine County Attorney, for office space located at 117 South Main Street, Suite 100, Nicholasville, KY. Jessamine County Fiscal Court will receive monthly payments of \$7,425, with said payments to be paid partially through "in-kind" contributions. Jessamine County Fiscal Court recognized \$30,000 in lease revenue during the current fiscal year as a result of this lease.

**B. Lessee**

**1. Quadient Leasing – Postage Meter**

On April 29, 2022, Jessamine County Fiscal Court entered into a lease agreement with Quadient Leasing for a postage meter for the County Judge/Executive's Office. Jessamine County Fiscal Court will pay \$163 per month for a term of sixty months and a total of \$9,766.

**2. Quadient Leasing – Postage Meter**

On April 29, 2022, Jessamine County Fiscal Court entered into a lease agreement with Quadient Leasing for a postage meter for the Occupational Tax Office. Jessamine County Fiscal Court will pay \$281 per month for a term of sixty months and a total of \$16,844.

**3. Metronet - Telephones**

On September 13, 2021, Jessamine County Fiscal Court entered into a lease agreement with Metronet for telephones. Jessamine County Fiscal Court will pay \$2,017 per month for a term of 36 months.

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

**Note 6. Short-term Debt**

**Revenue Bond Anticipation Note – Judicial Center Project - Series 2021**

The Jessamine County Public Properties Corporation issued a First Mortgage Revenue Bond Anticipation Note - Series 2021 to begin a Judicial Center Project. As of June 30, 2022, the principal due on the note is \$3,500,000 and capitalized interest was \$31,150. All interest will be capitalized and added to the principal amount of the note, and will be paid off with funds from the bond issuance when the bonds are sold for construction of the Judicial Center.

**Note 7. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Cassity Governmental Building #1**

On November 27, 2007, Jessamine County Fiscal Court entered into a 20-year lease with the Kentucky Association of Counties Leasing Trust Program in the amount of \$500,000 at an assumed interest rate of 4.63 percent for the construction and renovation of a county administrative building. Payments of interest and fees are due monthly with an annual principal payment due on July 20. In the event of default, the lessor may terminate the lease and give notice to surrender the property within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property for the account of the lessee, yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds or the sale/lease of the property do not provide. The outstanding principal balance as of June 30, 2022, was \$200,000. Future principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 30,000	\$ 8,157
2024	30,000	6,800
2025	35,000	5,235
2026	35,000	3,651
2027	35,000	2,067
2028	35,000	161
Totals	<u>\$ 200,000</u>	<u>\$ 26,071</u>

**2. Cassity Governmental Building #2**

On May 5, 2008, Jessamine County Fiscal Court entered into a 20-year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$1,000,000 at an assumed interest rate of 4.53 percent to cover additional costs of the construction and renovation of the county administrative building. Payments of interest and fees are due monthly with an annual principal payment due on September 20. In the event of default, the lessor may terminate the lease and give notice to surrender the property within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the property do not provide. The outstanding principal balance as of June 30, 2022, was \$390,000. Future principal and interest payments are:

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

**Note 7. Long-term Debt (Continued)**

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

**2. Cassity Governmental Building #2 (Continued)**

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 60,000	\$ 15,618
2024	60,000	12,986
2025	65,000	10,186
2026	65,000	7,333
2027	70,000	4,315
2028	70,000	887
Totals	<u>\$ 390,000</u>	<u>\$ 51,325</u>

**3. Sheriff's Cruisers – Bank Loan**

On September 28, 2020, the Jessamine County Fiscal Court borrowed \$250,000 at an interest rate of 2.350% per annum from a bank to purchase sheriff's cruisers. The loan will be paid in ten payments of \$26,667, to be paid on March 28 and September 28, annually. In the event of default, all commitments and obligations of the lender will terminate, including any obligation to make further loan advances or disbursements, and at the lender's option, all indebtedness immediately will become due and payable, without notice of any kind to the borrower, except that in the case of an event of default of the type described as insolvency, such acceleration shall be automatic and not optional. The outstanding principal balance as of June 30, 2022, was \$178,063. Future principal and interest payments are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 49,380	\$ 3,953
2024	50,557	2,776
2025	51,776	1,557
2026	26,350	316
Totals	<u>\$ 178,063</u>	<u>\$ 8,602</u>

**B. Other Debt**

**1. General Obligation Bonds – Series 2016**

On June 28, 2016, the Jessamine County Fiscal Court issued \$699,100 of general obligation bonds, series 2016. Proceeds from the bonds were used for the purpose of financing (a) the acquisition and development of Camp Nelson for a public purpose located within the geographical boundaries of the county; (b) payment in full of the outstanding balance of interim financing incurred by the county to initially finance the acquisition of Camp Nelson; (c) payment of accrued interest, if any; and (d) payment of the cost of issuance of the bonds. Interest on the outstanding principal amount was payable on January 1 and July 1, commencing January 1, 2017. Interest only was paid for the first two years from the date of the original issue. Thereafter, the bonds matured as to principal on January 1, 2020, and each January 1 thereafter through and including January 1, 2056. In the event of default, the government may at its option declare the entire principal amount then outstanding and accrued interest immediately due and payable, for the account of the association, cause the county to incur and pay reasonable expenses for the operation of the facility or take possession of the facility. This agreement was paid in full with proceeds from the sale of the 'Glass Property' owned by the County.

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

**Note 7. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

**2. General Obligation Bonds – Series 2018**

On October 23, 2018, the Jessamine County Fiscal Court issued \$2,699,380 of general obligation bonds, series 2018. Proceeds from the bonds were used for the purpose of renovations to the detention center and courthouse. Interest on the outstanding principal amount shall be payable June 1 and December 1, commencing June 1, 2020. Interest only shall be paid for the first two years from the date of the original issue. Thereafter, the bonds shall mature as to principal on December 1, 2021, and each December 1 thereafter through and including December 1, 2028. In the event of default, the bank may seek all remedies available to it under the law in the state of Kentucky, including foreclosure of the mortgage. The outstanding principal balance as of June 30, 2022, was \$2,396,753. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 311,969	\$ 68,119
2024	321,600	58,489
2025	331,527	48,562
2026	341,761	38,328
2027	352,311	27,778
2028-2031	<u>737,585</u>	<u>22,593</u>
Totals	<u>\$ 2,396,753</u>	<u>\$ 263,869</u>

**3. General Obligation Bonds – Series 2020**

On November 20, 2020, the Jessamine County Fiscal Court issued \$1,490,000 of general obligation bonds, series 2020. Proceeds from the bonds were used for the purpose of renovations to the detention center. Interest on the outstanding principal amount shall be payable June 1 and December 1, commencing June 1, 2021. In the event of default, the bank may seek all remedies available to it under the law in the state of Kentucky, including foreclosure of the mortgage. The outstanding principal balance as of June 30, 2021, was \$1,460,000. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 5,000	\$ 29,200
2024	10,000	29,100
2025	5,000	28,900
2026	10,000	28,800
2027	10,000	28,600
2028-2032	460,000	127,000
2033-2037	580,000	73,300
2038-2040	<u>380,000</u>	<u>15,300</u>
Totals	<u>\$ 1,460,000</u>	<u>\$ 360,200</u>

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

**Note 7. Long-term Debt (Continued)**

**C. 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	\$ 901,287	\$	\$ 133,224	\$ 768,063	\$ 143,333
Other Debt	4,836,458		979,705	3,856,753	316,969
Total Long-term Debt	<u>\$ 5,737,745</u>	<u>\$ 0</u>	<u>\$ 1,112,929</u>	<u>\$ 4,624,816</u>	<u>\$ 460,302</u>

**D. Aggregate Debt Schedule**

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

Fiscal Year Ending June 30	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Scheduled Interest	Principal	Scheduled Interest
2023	\$ 139,380	\$ 27,728	\$ 316,969	\$ 97,319
2024	140,557	22,562	331,600	87,589
2025	151,776	16,978	336,527	77,462
2026	126,350	11,300	351,761	67,128
2027	105,000	6,382	362,311	56,378
2028-2032	105,000	1,048	1,197,585	37,893
2033-2037			580,000	73,300
2038-2042			380,000	15,300
Totals	<u>\$ 768,063</u>	<u>\$ 85,998</u>	<u>\$ 3,856,753</u>	<u>\$ 512,369</u>

**Note 8. 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 9. Employee Retirement System**

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

The county's contribution for FY 2020 was \$2,635,975, FY 2021 was \$2,672,285, and FY 2022 was \$3,480,954.



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

**Note 9. Employee Retirement System (Continued)**

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 26.95 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:

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

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

Benefits are covered under KRS 78.5536.

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

**Note 9. 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.

**Ky. Ret. Sys. 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.

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

**Note 10. Deferred Compensation**

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

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

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

**Note 11. Health Reimbursement Account/Flexible Spending Account**

The Jessamine County Fiscal Court established a health reimbursement account to provide employees an additional health benefit. The county contracted with a third-party administrator to administer the plan. The plan provides \$2,400 per employee. Employees may also contribute additional pre-tax funds through payroll deduction.

**Note 12. Health Insurance Fund**

Jessamine County Fiscal Court participates in a self-funded insurance plan. The county has contracted with a third-party administrator to administer the plan. The county maintains one insurance plan with various levels of coverage (i.e., single, family, etc.). The plan covers all county employees. The fiscal court elected to purchase a stop-loss policy to cover losses from individual and aggregate claims once the county reaches the individual and aggregate attachment points. Employees are required to assume liability claims in excess of maximum lifetime reimbursements established by the insurance company.

**Note 13. Tax Abatements**

**A. SMC LLC**

The occupational tax license fee was abated under the authority of the Kentucky Business Investment (KBI) Program. SMC, LLC (the company) is eligible to receive this tax abatement as a result of its commitment to create certain jobs and investments in Nicholasville, Kentucky. The taxes are abated by allowing the company to retain or have rebated to them 0.40 percent of subject wages and compensation earned in Jessamine County, Kentucky in accordance with the Jessamine County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes can be suspended if the company does not maintain the required baseline of 100 employees and at least 94 employees associated with the new Kentucky Business Investment Program Project. For fiscal year ended June 30, 2022, Jessamine County Fiscal Court abated occupational taxes totaling \$12,749.

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

**Note 13. Tax Abatements (Continued)**

**B. Astecnos America, Inc**

The occupational tax license fee was abated under the authority of the Kentucky Business Investment (KBI) Program. SMC, LLC (the company) is eligible to receive this tax abatement as a result of its commitment to create certain jobs and investments in Nicholasville, Kentucky. The taxes are abated by allowing the company to retain or have rebated to them 0.40 percent of subject wages and compensation earned in Jessamine County, Kentucky in accordance with the Jessamine County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes applies only to new jobs created and is limited to a maximum of 41 new jobs as outlined in the KBI applications. For fiscal year ended June 30, 2022, Jessamine County Fiscal Court abated occupational taxes totaling \$0.

**C. Taylor Made Compounding, Inc.**

The occupational tax license fee was abated under the authority of the Kentucky Business Investment (KBI) Program. SMC, LLC (the company) is eligible to receive this tax abatement as a result of its commitment to create certain jobs and investments in Nicholasville, Kentucky. The taxes are abated by allowing the company to retain or have rebated to them 0.50 percent of subject wages and compensation earned in Jessamine County, Kentucky in accordance with the Jessamine County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes will apply to the wages and salaries or new employees hired as a result of the expansion project approved for KBI and can be suspended if the company does not meet all terms and conditions of its eligibility under the KBI Act. For fiscal year ended June 30, 2022, Jessamine County Fiscal Court abated occupational taxes totaling \$0.

**Note 14. Related Party Transactions**

The county judge/executive is a part owner of Betts & West Funeral Home. Betts & West Funeral Home is one of two funeral homes in the county that receive funding for indigent burials on a rotating basis. During the fiscal year ended June 30, 2022, Betts & West Funeral Home was paid \$7,439 by the county for indigent burials.

**Note 15. Conduit Debt**

From time to time, the county has issued bonds to provide financial assistance to industries in Jessamine County for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Jessamine County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2022, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 16. Payroll Revolving Account**

The reconciled balance of the payroll revolving account as of June 30, 2021, was added to the general fund cash balance for financial reporting purposes. The account has been reconciled for fiscal year ending June 30, 2022 and has therefore been removed from the general fund for reporting purposes.

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 14,275,700	\$ 14,275,700	\$ 21,378,902	\$ 7,103,202
Excess Fees	909,477	909,477	1,686,480	777,003
Licenses and Permits	232,500	232,500	343,589	111,089
Intergovernmental	663,892	663,892	905,017	241,125
Charges for Services	628,000	628,000	745,769	117,769
Miscellaneous	1,094,381	1,094,381	2,035,948	941,567
Interest	35,000	35,000	36,429	1,429
Total Receipts	17,838,950	17,838,950	27,132,134	9,293,184
<b>DISBURSEMENTS</b>				
General Government	5,411,842	6,758,657	6,137,944	620,713
Protection to Persons and Property	435,863	547,288	453,932	93,356
General Health and Sanitation	1,908,702	2,027,558	1,755,498	272,060
Social Services	262,090	262,090	195,210	66,880
Recreation and Culture	681,059	685,446	577,450	107,996
Other Transportation Facilities and Service	208,694	208,844	164,143	44,701
Debt Service	362,713	112,713	787,767	(675,054)
Capital Projects	103,000	393,358	294,949	98,409
Administration	19,044,536	17,348,645	6,188,004	11,160,641
Total Disbursements	28,418,499	28,344,599	16,554,897	11,789,702
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(10,579,549)	(10,505,649)	10,577,237	21,082,886
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			82,449	82,449
Transfers To Other Funds	(4,470,000)	(4,470,000)	(4,642,100)	(172,100)
Total Other Adjustments to Cash (Uses)	(4,470,000)	(4,470,000)	(4,559,651)	(89,651)
Net Change in Fund Balance	(15,049,549)	(14,975,649)	6,017,586	20,993,235
Fund Balance - Beginning	15,049,549	15,049,549	16,065,863	1,016,314
Fund Balance - Ending	\$ 0	\$ 73,900	\$ 22,083,449	\$ 22,009,549

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

	<b>ROAD FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,014,025	\$ 1,014,025	\$ 1,075,199	\$ 61,174
Miscellaneous	1,000	1,000	13,738	12,738
Interest	2,000	2,000	2,878	878
Total Receipts	1,017,025	1,017,025	1,091,815	74,790
<b>DISBURSEMENTS</b>				
Roads	1,232,869	1,240,169	821,686	418,483
Capital Projects	75,000	75,000	13,174	61,826
Administration	709,156	701,856	99,992	601,864
Total Disbursements	2,017,025	2,017,025	934,852	1,082,173
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,000,000)	(1,000,000)	156,963	1,156,963
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			6,730	6,730
Total Other Adjustments to Cash (Uses)			6,730	6,730
Net Change in Fund Balance	(1,000,000)	(1,000,000)	163,693	1,163,693
Fund Balance - Beginning	1,000,000	1,000,000	1,157,814	157,814
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,321,507	\$ 1,321,507



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

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 686,755	\$ 686,755	\$ 947,059	\$ 260,304
Charges for Services	173,400	173,400	158,954	(14,446)
Miscellaneous	67,690	67,690	68,536	846
Interest	1,000	1,000	100	(900)
Total Receipts	928,845	928,845	1,174,649	245,804
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	2,599,417	2,605,117	2,488,720	116,397
Administration	530,305	524,605	517,312	7,293
Total Disbursements	3,129,722	3,129,722	3,006,032	123,690
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,200,877)	(2,200,877)	(1,831,383)	369,494
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	2,150,000	2,150,000	1,855,523	(294,477)
Total Other Adjustments to Cash (Uses)	2,150,000	2,150,000	1,855,523	(294,477)
Net Change in Fund Balance	(50,877)	(50,877)	24,140	75,017
Fund Balance - Beginning	50,877	50,877	119,692	68,815
Fund Balance - Ending	\$ 0	\$ 0	\$ 143,832	\$ 143,832

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

<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 173,779	\$ 173,779	\$ 197,741	\$ 23,962
Miscellaneous	8,475	8,475	7,200	(1,275)
Interest	1,500	1,500	437	(1,063)
Total Receipts	183,754	183,754	205,378	21,624
<b>DISBURSEMENTS</b>				
General Government	107,500	107,500	107,500	
Recreation and Culture	22,710	22,710	20,160	2,550
Administration	147,000	147,000		147,000
Total Disbursements	277,210	277,210	127,660	149,550
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(93,456)	(93,456)	77,718	171,174
Net Change in Fund Balance	(93,456)	(93,456)	77,718	171,174
Fund Balance - Beginning	93,456	93,456	121,730	28,274
Fund Balance - Ending	\$ 0	\$ 0	\$ 199,448	\$ 199,448

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

	<b>AMBULANCE FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	1,751,000	2,170,000	2,728,230	558,230
Miscellaneous	1,500	1,500	2,286	786
Interest	500		256	256
Total Receipts	<u>1,763,000</u>	<u>2,181,500</u>	<u>2,740,772</u>	<u>559,272</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	3,009,711	3,458,213	3,466,069	(7,856)
Administration	1,128,935	1,173,846	1,173,826	20
Total Disbursements	<u>4,138,646</u>	<u>4,632,059</u>	<u>4,639,895</u>	<u>(7,836)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,375,646)</u>	<u>(2,450,559)</u>	<u>(1,899,123)</u>	<u>551,436</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	2,320,000	2,320,000	1,869,488	(450,512)
Transfers To Other Funds			(2,279)	(2,279)
Total Other Adjustments to Cash (Uses)	<u>2,320,000</u>	<u>2,320,000</u>	<u>1,867,209</u>	<u>(452,791)</u>
Net Change in Fund Balance	(55,646)	(130,559)	(31,914)	98,645
Fund Balance - Beginning	<u>55,646</u>	<u>55,646</u>	<u>288,638</u>	<u>232,992</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (74,913)</u>	<u>\$ 256,724</u>	<u>\$ 331,637</u>

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

<b>JAIL CONSTRUCTION FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$	\$ 14,930	\$ 14,930
Interest	500	500	32	(468)
Total Receipts	500	500	14,962	14,462
<b>DISBURSEMENTS</b>				
Capital Projects	756,924	756,374	638,112	118,262
Administration	500	37		37
Total Disbursements	757,424	756,411	638,112	118,299
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(756,924)	(755,911)	(623,150)	132,761
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			525,000	525,000
Transfers To Other Funds			(10,449)	(10,449)
Total Other Adjustments to Cash (Uses)			514,551	514,551
Net Change in Fund Balance	(756,924)	(755,911)	(108,599)	647,312
Fund Balance - Beginning	756,924	756,924	108,599	(648,325)
Fund Balance - Ending	\$ 0	\$ 1,013	\$ 0	\$ (1,013)

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

<b>COUNTY BOND SINKING FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 150	\$ 150	\$ 299	\$ 149
Total Receipts	150	150	299	149
<b>DISBURSEMENTS</b>				
Debt Service	419,488	419,543	419,539	4
Administration	82,810	82,755		82,755
Total Disbursements	502,298	502,298	419,539	82,759
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(502,148)	(502,148)	(419,240)	82,908
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			500,000	500,000
Total Other Adjustments to Cash (Uses)			500,000	500,000
Net Change in Fund Balance	(502,148)	(502,148)	80,760	582,908
Fund Balance - Beginning	502,148	502,148	424,636	(77,512)
Fund Balance - Ending	\$ 0	\$ 0	\$ 505,396	\$ 505,396

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

<b>EMERGENCY SERVICES FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,285,000	\$ 1,285,000	\$ 1,434,793	\$ 149,793
Intergovernmental	250,000	250,000	303,137	53,137
Charges for Services	175,000	175,000	156,534	(18,466)
Miscellaneous	100	100	72	(28)
Interest	500	500	2,282	1,782
Total Receipts	<u>1,710,600</u>	<u>1,710,600</u>	<u>1,896,818</u>	<u>186,218</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,782,586	2,200,136	1,431,519	768,617
Administration	518,749	521,199	347,456	173,743
Total Disbursements	<u>2,301,335</u>	<u>2,721,335</u>	<u>1,778,975</u>	<u>942,360</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(590,735)</u>	<u>(1,010,735)</u>	<u>117,843</u>	<u>1,128,578</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			29,676	29,676
Transfers To Other Funds			(2,200)	(2,200)
Total Other Adjustments to Cash (Uses)			<u>27,476</u>	<u>27,476</u>
Net Change in Fund Balance	(590,735)	(1,010,735)	145,319	1,156,054
Fund Balance - Beginning	<u>590,735</u>	<u>1,010,735</u>	<u>1,012,818</u>	<u>2,083</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,158,137</u>	<u>\$ 1,158,137</u>

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

<b>AMERICAN RESCUE PLAN ACT FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,511,204	\$ 10,511,204	\$ 5,255,602	\$ (5,255,602)
Miscellaneous			9	9
Interest	2,000	2,000	1,924	(76)
Total Receipts	10,513,204	10,513,204	5,257,535	(5,255,669)
<b>DISBURSEMENTS</b>				
Capital Projects	10,513,204	10,510,695	63,386	10,447,309
Administration		2,509	2,509	
Total Disbursements	10,513,204	10,513,204	65,895	10,447,309
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			5,191,640	5,191,640
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(211,937)	(211,937)
Total Other Adjustments to Cash (Uses)			(211,937)	(211,937)
Net Change in Fund Balance			4,979,703	4,979,703
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,979,703	\$ 4,979,703

**JESSAMINE 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.

**Note 2. Reconciliation of the General Fund**

Other Adjustments to Cash (Uses)-Budgetary Basis	\$ (4,559,651)
To adjust for Change in Payroll Revolving Account	<u>(31,323)</u>
Total Other Adjustments to Cash (Uses)-Regulatory Basis	<u><u>\$ (4,590,974)</u></u>
 Fund Balance - Ending-Budgetary Basis	 \$ 22,083,449
To adjust for Change in Payroll Revolving Account	<u>(31,323)</u>
Fund Balance - Ending-Regulatory Basis	<u><u>\$ 22,052,126</u></u>

**Note 3. Excess of Disbursements Over Appropriations**

General Fund – Debt Service exceeded budgeted appropriations by \$675,054.

Ambulance Fund – Protection to Persons and Property exceeded budgeted appropriations by \$7,856.



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

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

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**JESSAMINE 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 Restated	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 3,598,652	\$	\$ 677,935	\$ 2,920,717
Construction In Progress	2,701,398	948,596		3,649,994
Buildings and Building Improvements	19,771,564	793,692		20,565,256
Vehicles and Equipment	8,778,580	844,298	413,004	9,209,874
Infrastructure	56,916,605	251,070		57,167,675
Total Capital Assets	<u>\$ 91,766,799</u>	<u>\$ 2,837,656</u>	<u>\$ 1,090,939</u>	<u>\$ 93,513,516</u>

**JESSAMINE 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.

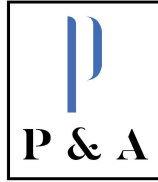
	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

**Note 2. Prior Period Adjustment**

The beginning balance of the vehicles and equipment category was restated by \$204,930 to include vehicles and equipment items that were previously omitted from the schedule.

**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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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

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 David K. West, Jessamine County Judge/Executive  
Members of the Jessamine 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 Jessamine County Fiscal Court for the fiscal year ended June 30, 2022, and the related notes to the financial statement which collectively comprise the Jessamine County Fiscal Court's financial statement and have issued our report thereon dated June 21, 2023.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-001, 2022-002, and 2022-003 to be material weaknesses.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Jessamine County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002.

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)

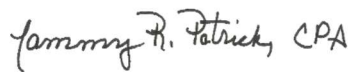
**Views of Responsible Official(s) and Planned Corrective Action**

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

**Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive, flowing style.

Tammy R. Patrick, CPA  
Patrick & Associates, LLC

June 21, 2023



**JESSAMINE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

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**JESSAMINE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

FINANCIAL STATEMENT FINDINGS:

2022-001    Jessamine County Fiscal Court Did Not Properly Account For The Debt Proceeds Or The Payment of Debt by the Bank On County's Financial Statement on the Sale of Property Related to the Series 2016 General Obligation Bonds On The Fourth Quarter Financial Statement

---

Jessamine County Fiscal Court did not report \$667,078 in debt paid for the 2016 Series General Obligation Bonds or the income from the sale of property related to this bond issue on their Fourth Quarter Report.

While the county was aware that they needed to record the outstanding debt amount on the liabilities section of their quarterly report, the county was not aware that they needed to book the gross proceeds from the sale of property and the amount paid by bank from gross proceeds on their financial statement.

The quarterly report receipts were understated by \$667,078 and the corresponding expenditures were understated by \$667,078 through this omission. Additionally, the county overspent the budget for the corresponding expenditure line item.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires that all financial activity be recorded on the county's financial statements.

We recommend that the County ensure all financial activity be recorded on the county's quarterly report in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

Views of Responsible Official and Planned Corrective Action: Due to the transition of a new County Treasurer during FY 22, the sale of this property was accidentally omitted from the Fourth Quarter Financial Statement. The County Treasurer will ensure all financial activity is recorded in the County's quarterly report moving forward.

2022-002    Jessamine County Fiscal Court Did Not Record the Public Properties Corporation Debt on the Liabilities Section of the Fourth Quarter Financial Statement

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Jessamine County Fiscal Court did not report \$3,500,000 in debt owed by the Public Properties Corporation on their Fourth Quarter Report.

The fiscal court failed to report the Public Properties Corporation debt in the Liabilities Section of their Fourth Quarter Report. The county did not have proper controls in place to ensure the fourth quarter financial statement that was prepared included all elements according to Department for Local Government requirements.

When Public Properties Corporation debt is omitted from the Liabilities Section of the Fourth Quarter Report, overall financial condition is not correctly reported and the county is not in compliance with KRS 68.210. This also results in the liabilities information not accurately being presented to management, regulatory agencies, and other users of the information.

All debt should be included on the Fourth Quarter Report, including Public Properties Corporation. The Fiscal Court is required to follow the guidelines as set forth by the *County Budget Preparation Manual* prepared by the Department for Local Government in order to be in compliance with KRS 68.210. These guidelines require the preparation of a liabilities section to be included with the submission of the fourth quarter financial report which shall include all outstanding debt obligations of the county including any debt outstanding for the Public Properties Corporation.

We recommend the Fiscal Court implement internal controls to ensure the fourth quarter financial statement includes an accurate liabilities section and all other elements required by the Department for Local Government.

**JESSAMINE COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

2022-002 Jessamine County Fiscal Court Did Not Record the Public Properties Corporation Debt on the Liabilities Section of the Fourth Quarter Financial Statement (Continued)

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Views of Responsible Official and Planned Corrective Action: Due to the transition of a new treasurer in FY 22, the Public Properties Corporation Debt was accidentally omitted from the Liabilities Section of the Fourth Quarter Financial Statement. The new County Treasurer is in the process of completing the Financial Statements for the Public Properties Corporation Debt and will add the Debt to the Fourth Quarter Financial Statement.

2022-003 Jessamine County Fiscal Court Failed To Properly Monitor Internal Controls Over Animal Control Receipts

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During the week of July 25, 2022, the former Animal Control Director was placed on administrative leave due to a personnel issue. During this time, for reconciling purposes, the County Treasurer requested another shelter employee run the July report from Shelter Buddy, the financial accounting software utilized by the animal shelter. Upon review of the report, it was noted by the County Treasurer that the report included amounts collected in cash. Policies and procedures at the Animal Shelter required that all receipts collected should either be in the form of credit card transactions or checks and did not allow for the collection of cash by employees. The former Animal Control Director normally ran and submitted the reports from Shelter Buddy that were turned in to the County Treasurer for reconciliation and reporting purposes. No cash amounts were showing on the reports run by the former Animal Control Director. This led the treasurer to re-run the reports from Shelter Buddy for each month of fiscal year 2022. These reports were then compared to the amounts of receipts turned in to the County Treasurer throughout the year. Based on this review, cash receipts totaling \$33,197 were unaccounted for in the deposits remitted to the County Treasurer for fiscal year 2022.

Internal controls were not in place and working to ensure that staff knew the requirements for collection of receipts and proper monitoring was not completed to ensure the requirements were followed. This allowed for the collection of cash at the facility in violation of county policies and procedures. Reports were then manipulated to conceal the cash collections due to a lack of proper segregation of duties at the facility,

Lack of internal controls and monitoring over the receipt process and reporting at the animal shelter allowed cash receipts in the amount of \$33,197 to be misappropriated during fiscal year 2022. An additional \$2,717 of cash receipts were found to be misappropriated during the month of July 2022.

Segregation of duties over various accounting functions is essential for providing protection from asset misappropriation and inaccurate financial reporting. Good internal controls further dictate that one person should not have control over the incompatible duties of receiving cash or receipts, preparing deposits, financial reporting, and reconciliation processes. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend Jessamine County Fiscal Court segregate accounting and reporting duties at the Animal Shelter. If this is not feasible due to a limited number of staff, strong oversight over these areas should occur. This oversight should be documented by the initialing of source documents by the reviewer. Additionally, employees should be informed of policies and procedures regarding collections at the facility and documentation of their understanding should be obtained and documented.

Views of Responsible Official and Planned Corrective Action: When this issue came to light in July 2022, the County Treasurer reiterated to all Animal Shelter employees that they were not to accept cash for any reason at the Animal Shelter. The County Treasurer now has access to Shelter Buddy, the financial software of the Animal Shelter, and will run a report each month to compare the receipts generated on the report versus the receipts turned into the Treasurer's office by the Animal Shelter employees.

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

**JESSAMINE COUNTY FISCAL COURT**

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

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
JESSAMINE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2022

The Jessamine 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.

David K West

County Judge/Executive

Ann Cissell

County Treasurer

