

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

**For The Year Ended  
June 30, 2021**



CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
MARSHALL COUNTY OFFICIALS .....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS .....	6
NOTES TO FINANCIAL STATEMENT .....	10
BUDGETARY COMPARISON SCHEDULES .....	26
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	37
SCHEDULE OF CAPITAL ASSETS.....	41
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	42
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	45
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	46
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> .....	49
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE .....	53
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	58
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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To the People of Kentucky  
The Honorable Andy Beshear  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Kevin Neal, Former Marshall County Judge/Executive  
The Honorable Kevin Spraggs, Current Marshall County Judge/Executive  
Members of the Marshall County Fiscal Court

### Independent Auditor's Report

#### **Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Marshall County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Marshall County Fiscal Court's financial statement as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Kevin Neal, Former Marshall County Judge/Executive

The Honorable Kevin Spraggs, Current Marshall County Judge/Executive

Members of the Marshall 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 Marshall County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Marshall County Fiscal Court as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Marshall County Fiscal Court as of June 30, 2021, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

### **Other Matters**

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Marshall County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards (supplementary information), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Kevin Neal, Former Marshall County Judge/Executive  
The Honorable Kevin Spraggs, Current Marshall County Judge/Executive  
Members of the Marshall County Fiscal Court

**Other Matters (Continued)**

*Supplementary and Other Information (Continued)*

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

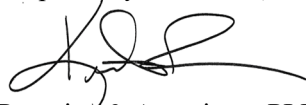
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023, on our consideration of the Marshall County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marshall County Fiscal Court's internal control over financial reporting and compliance.

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

- 2021-001 The Marshall County Detention Center Has A Lack Of Segregation Of Duties Over Jail Commissary Operations
- 2021-002 The Marshall County Fiscal Court Has Deficiencies In Controls Over Disbursements
- 2021-003 The Marshall County Jailer Failed To Maintain Minimum Accounting Records For The Jail Commissary
- 2021-004 The Marshall County Jailer Did Not Make Daily Deposits
- 2021-005 The Fiscal Court Failed To Make Continuing Financial Disclosures
- 2021-006 The Marshall County Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements

Respectfully submitted,



Romaine & Associates, PLLC

June 21, 2023

**MARSHALL COUNTY OFFICIALS****For The Year Ended June 30, 2021****Fiscal Court Members:**

Kevin Neal	County Judge/Executive
Monti Collins	Commissioner
Jeremy Lamb	Commissioner
Kevin Spraggs	Commissioner

**Other Elected Officials:**

Jason Darnall	County Attorney
Roger Ford	Jailer
Tim York	County Clerk
Tiffany Griffith	Circuit Court Clerk
Eddie McGuire	Sheriff
Tony Henson	Property Valuation Administrator
Michael Gordon	Coroner

**Appointed Personnel:**

Erica West	County Treasurer
Desiree Hermosillo	Finance Officer
Wendy Greer	Road Department Manager
Chris Freeman	911 Administrator
Laurie Ford	Jail Administrative Assistant
Brad Warning	Deputy Judge/Executive



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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Federal Grant Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 2,948,522	\$ 84,571	\$	\$
In Lieu Tax Payments	798,606			
Excess Fees	435,035			
Licenses and Permits	80,810			
Intergovernmental	2,198,280	1,667,199	1,397,792	360,543
Charges for Services	12,000	1,132	3,275	
Miscellaneous	808,674	67,048	75,110	9,431
Interest	55,029	8,135	1,611	2,254
<b>Total Receipts</b>	<b>7,336,956</b>	<b>1,828,085</b>	<b>1,477,788</b>	<b>372,228</b>
<b>DISBURSEMENTS</b>				
General Government	10,255,981			
Protection to Persons and Property	564,308		1,574,624	
General Health and Sanitation	313,194			
Social Services	156,103			
Recreation and Culture	738,440			
Roads		2,085,110		
Debt Service	455,741			
Capital Projects	168,840			
Administration	814,682	482,243	719,103	
<b>Total Disbursements</b>	<b>13,467,289</b>	<b>2,567,353</b>	<b>2,293,727</b>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<b>(6,130,333)</b>	<b>(739,268)</b>	<b>(815,939)</b>	<b>372,228</b>
<b>Other Adjustments to Cash (Uses)</b>				
Change in Payroll Revolving Account	17,095			
Transfers From Other Funds	4,896,601	759,409	625,455	
Transfers To Other Funds	(1,862,033)			(362,908)
<b>Total Other Adjustments to Cash (Uses)</b>	<b>3,051,663</b>	<b>759,409</b>	<b>625,455</b>	<b>(362,908)</b>
Net Change in Fund Balance	(3,078,670)	20,141	(190,484)	9,320
Fund Balance - Beginning (Restated)	8,973,071	660,389	310,381	280
Fund Balance - Ending	<b>\$ 5,894,401</b>	<b>\$ 680,530</b>	<b>\$ 119,897</b>	<b>\$ 9,600</b>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 3,876,920	\$ 714,531	\$ 151,210	\$ 9,600
Plus: Deposits In Transit	495,172			
Less: Outstanding Checks	(147,535)	(34,001)	(31,313)	
Certificates of Deposit	1,571,413			
Payroll Revolving Account	98,431			
Fund Balance - Ending	<b>\$ 5,894,401</b>	<b>\$ 680,530</b>	<b>\$ 119,897</b>	<b>\$ 9,600</b>

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

**MARSHALL COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>Budgeted Funds</b>						
<b>Emergency 911 Fund</b>	<b>Occupational Tax Administrator Fund</b>	<b>Animal Shelter Fund</b>	<b>Sheriff Fund</b>	<b>Alcohol Beverage Control Fund</b>	<b>Building Inspection Fund</b>	<b>American Rescue Plan Act Fund</b>
\$ 46,368	\$ 6,034,244	\$	\$	\$ 378,345	\$	\$
377,184	1,417,475			4,600	173,971	522
5,109	25,941	13,879		3,407	89	
<u>428,661</u>	<u>7,477,660</u>	<u>13,879</u>		<u>386,352</u>	<u>174,657</u>	<u>522</u>
1,314,499	18,205			11,944	151,600	
		24,667				
256,733					8,142	
<u>1,571,232</u>	<u>18,205</u>	<u>24,667</u>		<u>11,944</u>	<u>159,742</u>	
(1,142,571)	7,459,455	(10,788)		374,408	14,915	522
2,444,264						
	(6,247,003)			(295,000)		
<u>2,444,264</u>	<u>(6,247,003)</u>			<u>(295,000)</u>		
1,301,693	1,212,452	(10,788)		79,408	14,915	522
28,591	2,286,529	35,720		138,985	52,573	
<u>\$ 1,330,284</u>	<u>\$ 3,498,981</u>	<u>\$ 24,932</u>	<u>\$</u>	<u>\$ 218,393</u>	<u>\$ 67,488</u>	<u>\$ 522</u>
\$ 1,395,032	\$ 3,065,541	\$ 26,690	\$	\$ 218,398	\$ 67,710	\$ 522
(64,748)	(495,172)	(1,758)		(5)	(222)	
	928,612					
<u>\$ 1,330,284</u>	<u>\$ 3,498,981</u>	<u>\$ 24,932</u>	<u>\$</u>	<u>\$ 218,393</u>	<u>\$ 67,488</u>	<u>\$ 522</u>

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

**MARSHALL COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<u>Unbudgeted Funds</u>			<u>Total Funds</u>
	<u>Debt Service Fund</u>	<u>Public Properties Corporation Justice Center Capital Projects Fund</u>	<u>Jail Commissary Fund</u>	
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$ 9,492,050
In Lieu Tax Payments				798,606
Excess Fees				435,035
Licenses and Permits				259,381
Intergovernmental	497,500			7,916,495
Charges for Services				16,407
Miscellaneous			57,253	1,031,484
Interest	1		253	102,337
Total Receipts	<u>497,501</u>		<u>57,506</u>	<u>20,051,795</u>
<b>DISBURSEMENTS</b>				
General Government				10,286,130
Protection to Persons and Property				3,605,031
General Health and Sanitation				337,861
Social Services				156,103
Recreation and Culture			37,980	776,420
Roads				2,085,110
Debt Service	541,000			996,741
Capital Projects				168,840
Administration				2,280,903
Total Disbursements	<u>541,000</u>		<u>37,980</u>	<u>20,693,139</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(43,499)</u>		<u>19,526</u>	<u>(641,344)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Change in Payroll Revolving Account				17,095
Transfers From Other Funds	41,215			8,766,944
Transfers To Other Funds				(8,766,944)
Total Other Adjustments to Cash (Uses)	<u>41,215</u>			<u>17,095</u>
Net Change in Fund Balance	(2,284)		19,526	(624,249)
Fund Balance - Beginning (Restated)	2,285	8	207,130	12,695,942
Fund Balance - Ending	<u>\$ 1</u>	<u>\$ 8</u>	<u>\$ 226,656</u>	<u>\$ 12,071,693</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 1	\$ 8	\$ 226,968	\$ 9,753,131
Plus: Deposits In Transit				495,172
Less: Outstanding Checks			(312)	(775,066)
Certificates of Deposit				2,500,025
Payroll Revolving Account				98,431
Fund Balance - Ending	<u>\$ 1</u>	<u>\$ 8</u>	<u>\$ 226,656</u>	<u>\$ 12,071,693</u>

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 .....	10
NOTE 2.	DEPOSITS .....	13
NOTE 3.	TRANSFERS.....	14
NOTE 4.	CUSTODIAL FUNDS .....	14
NOTE 5.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT .....	14
NOTE 6.	RECEIVABLE.....	14
NOTE 7.	LONG-TERM DEBT .....	15
NOTE 8.	EMPLOYEE RETIREMENT SYSTEM .....	18
NOTE 9.	DEFERRED COMPENSATION.....	22
NOTE 10.	INSURANCE.....	22
NOTE 11.	LANDFILL CLOSURE AND POST-CLOSURE COSTS.....	23
NOTE 12.	CONTINGENCIES .....	23
NOTE 13.	PAYROLL REVOLVING ACCOUNT .....	23
NOTE 14.	CONDUIT DEBT.....	23
NOTE 15.	PRIOR PERIOD ADJUSTMENTS .....	23

**MARSHALL COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2021**

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

**A. Reporting Entity**

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

The following entities: The Marshall County Refuse Disposal District and The Marshall County Sanitation District would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they are no longer required components of the reporting entity. Audits of the following entities can be obtained from the Marshall County Fiscal Court: 1101 Main Street Benton, Kentucky 42025.

**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.

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

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

**Budgeted Funds (Continued)**

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

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

Federal Grant Fund - The primary purpose of this fund is to account for federal grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Emergency 911 Fund - The primary purpose of this fund is to account for federal grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Occupational Tax Administrator Fund - The primary purpose of this fund is to account for occupational tax receipts. Occupational tax receipts are recorded in this fund and then transferred to other operating funds as needed.

Animal Shelter Fund - The primary purpose of this fund is to account for animal shelter receipts. Animal shelter receipts are recorded in this fund and then expended for the operation of the animal shelter.

Sheriff Fund – The primary purpose of this fund is to account for sheriff’s office receipts. Sheriff office receipts are recorded in this fund and then expended for the operation of the sheriff’s office.

Alcohol Beverage Control Fund - The fund is used to account for receipts and disbursements associated with liquor licensing. The primary source of receipts for this fund is taxes and licenses.

Building Inspection Fund - The fund is used to account for receipts and disbursements associated with building inspection licenses. The primary source of receipts for this fund is fees collected for building inspection licenses.

American Rescue Plan Act Fund – The primary purpose of this fund to account for American Rescue Plan Act receipts and expenditures.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Debt Service Fund - The purpose of this fund is to account for the debt service requirements of the general obligation bonds of the Marshall County Fiscal Court.

Public Properties Corporation Justice Center Capital Projects Fund - The purpose of this fund is to account for the bond redemption fund of the Public Properties Corporation.

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

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

**Unbudgeted Funds (Continued)**

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.

**D. Budgetary Information**

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

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

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

The state local finance officer does not require the 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 Justice Center Debt Service Fund or the Public Properties Corporation Justice Center Capital Projects Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Marshall County Elected Officials**

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

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



**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the 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 not met, as the fiscal court did not have a written agreement with the bank.

**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 fiscal court does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2021.

	General Fund	Federal Grant Fund	Occupational Tax Administrator Fund	ABC Fund	Total Transfers In
General Fund	\$	\$ 362,908	\$ 4,238,693	\$ 295,000	\$ 4,896,601
Road Fund			759,409		759,409
Jail Fund			625,455		625,455
Emergency 911 Fund	1,820,818		623,446		2,444,264
Public Properties Corporation Justice Center Debt Service Fund	41,215				41,215
Total Transfers Out	<u>\$ 1,862,033</u>	<u>\$ 362,908</u>	<u>\$ 6,247,003</u>	<u>\$ 295,000</u>	<u>\$ 8,766,944</u>

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

**Note 4. Custodial Funds**

Agency trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

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, 2021, was \$59,053.

**Note 5. Health Reimbursement Account/Flexible Spending Account**

The Marshall County Fiscal Court, in Fiscal Court Order One, established a health reimbursement account on October 11, 2011 to provide employees an additional health benefit. The county has contracted with Febco Inc., a third-party administrator, to administer the plan. The plan provides a debit card to each eligible employee providing funds, determined by health insurance coverage, each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deductions. The account balance as of June 30, 2021 was \$8,661.

**Note 6. Receivable**

On November 30, 2012, Marshall County entered into an agreement with Kentucky Association of Counties Financing Corporation for the purpose of the construction of the arts commission building. The principal amount was \$320,000 at an effective interest rate of 3.656% for thirty years. A verbal agreement between the Marshall County Arts Commission and Marshall County Fiscal Court exists stating that debt is paid by the county and the arts commission in turn reimburses the county yearly. Ownership will go to the Marshall County Arts Commission at the end of the debt service term. As of June 30, 2021 the arts commission is in compliance with the verbal agreement with the county.

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 7. Long-term Debt**

**A. Direct Borrowings & Direct Placements**

**1. Financing Obligation – Arts Commission Building**

On November 30, 2012, Marshall County entered into an agreement with the Kentucky Association of Counties Finance Corporation for the purpose of the construction of the arts commission building. The terms of this agreement consist of monthly principal and interest payments for a term of thirty years at an interest rate of 3.656%. A verbal agreement exists between the Marshall County Arts Commission and Marshall County Fiscal Court (See Note 6) agreeing that the county is reimbursed yearly for the debt payments made and at maturity date the building will belong to the Marshall County Arts Commission.

In case of default, the lessor may, without any further demand or notice, take one or any combination of the following remedial steps: (a) by appropriate court action, enforce the pledge set forth in Section 2 of the Ordinance and Section 11 of this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rater or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due; (b) take legal title to, and sell or re-lease the project or any portion thereof; (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to the possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof.

The principal balance of June 30, 2021 was \$250,000. Future principal and interest payments are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 10,000	\$ 8,840
2023	10,000	8,595
2024	10,000	8,330
2025	10,000	8,055
2026	10,000	7,768
2027-2031	50,000	34,138
2032-2036	52,500	25,870
2037-2041	75,000	14,831
2042-2043	22,500	1,800
Totals	<u>\$ 250,000</u>	<u>\$ 118,227</u>

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

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

**2. Financing Obligation – Kentucky Infrastructure Authority Loan**

On October 1, 2018, Marshall County Fiscal Court entered into an assistance agreement on a Line of Credit with the Kentucky Infrastructure Authority (KIA) for the purpose of the expansion of the Draffenville sewer system. The Line of Credit for the project as of April 2, 2020 was \$2,343,825. The Marshall County Fiscal Court entered into a note with KIA in an amount of \$2,745,363, of which the Line of Credit was retired and the project completed. Principal payments are due December 1, beginning in 2020, and interest, which is variable at 1% to 2.5%, is payable semiannually on March 1 and September 1, beginning September 1, 2012. The maturity date of the issue is March 1, 2040.

The principal balance of June 30, 2021, was \$2,629,621. Future principal and interest payments are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 117,777	\$ 45,505
2023	119,847	43,435
2024	121,953	41,329
2025	124,097	39,185
2026	126,278	37,004
2027-2031	665,474	150,936
2032-2036	726,050	90,360
2037-2040	628,145	24,984
Totals	<u>\$ 2,629,621</u>	<u>\$ 472,738</u>

**B. Other Debt**

**1. General Obligation Refunding Bonds, Series 2012**

On April 3, 2012 the Marshall County Fiscal Court issued General Obligation Refunding Bonds, Series 2012, in the amount of \$4,815,000 for the purpose of paying the cost of constructing a new county justice center facility and the cost of the issuance of the bonds. Principal payments are due March 1, beginning in 2013, and interest, which is variable at 1% to 2.5%, is payable semiannually on March 1 and September 1, beginning September 1, 2012. The maturity date of the issue is March 1, 2022. The outstanding balance as of June 30, 2021, was \$525,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 525,000	\$ 13,125
Totals	<u>\$ 525,000</u>	<u>\$ 13,125</u>

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

**B. Other Debt (Continued)**

**1. General Obligation Refunding Bonds, Series 2012 (Continued)**

The Corporation entered into a lease agreement with the Administrative Office of the Courts (AOC), which states that the AOC agrees to pay a portion of the debt service requirements with the remaining portion to be paid by the Corporation. The bonds are secured by a foreclosure first mortgage lien on the property and an assignment by the corporation of its rights, title, and interest in the lease with AOC.

**2. General Obligation Bonds, Series 2019**

On December 11, 2019 the Marshall County Fiscal Court issued General Obligation Bonds, Series 2019, in the amount of \$7,300,000 for the purpose of (i) improvements to sewer and water lines (ii) improvements to industrial park infrastructure, including, but not limited to roads, turn lanes and utilities; (iii) improvements to emergency services; (iv) payment of capitalized interest and accrued interest, if any; (the "Projects") and (v) payment of costs of issuance of the Bonds.

Principal payments are due December 1, beginning in 2020, and interest, which is variable at 2% to 2.65%, is payable semiannually on June 1 and December 1, beginning December 1, 2020. The maturity date of the issue is June 30, 2040. The outstanding balance as of June 30, 2021, was \$7,025,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 280,000	\$ 156,140
2023	310,000	150,240
2024	315,000	143,990
2025	325,000	137,590
2026	330,000	131,040
2027-2031	1,755,000	550,838
2032-2036	1,960,000	344,679
2037-2040	1,750,000	92,824
Totals	<u>\$ 7,025,000</u>	<u>\$ 1,707,341</u>

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

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

Long-term Debt activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 3,005,363	\$ 0	\$ 125,742	\$ 2,879,621	\$ 127,777
General Obligation Refunding Bonds	8,340,000		790,000	7,550,000	805,000
Total Long-term Debt	<u>\$ 11,345,363</u>	<u>\$ 0</u>	<u>\$ 915,742</u>	<u>\$ 10,429,621</u>	<u>\$ 932,777</u>

**D. Aggregate Debt Schedule**

The amounts of required principal and interest payments on long-term obligations for the year ended June 30, 2021, was as follows:

Year Ending June 30,	Governmental Activities			
	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	805,000	169,265	127,777	54,345
2023	310,000	150,240	129,847	52,030
2024	315,000	143,990	131,953	49,659
2025	325,000	137,590	134,097	47,240
2026	330,000	131,040	136,278	44,772
2027-2031	1,755,000	550,838	715,474	185,074
2032-2036	1,960,000	344,679	778,550	116,230
2037-2041	1,750,000	92,824	703,145	39,815
2042-2043			22,500	1,800
	<u>\$ 7,550,000</u>	<u>\$ 1,720,466</u>	<u>\$ 2,879,621</u>	<u>\$ 590,965</u>

**Note 8. 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 Retirement Systems as an agency of the Commonwealth is now known as the Kentucky Public Pensions Authority (KPPA). The governance of CERS has been transferred to a separate 9-member board of trustees that is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2019 was \$1,674,148, FY 2020 was \$1,920,875, and FY 2021 was \$1,789,009.

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 8. 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 KRS 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 KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

The county's contribution rate for nonhazardous employees was 24.06 percent.

Hazardous

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

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

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

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

Hazardous (Continued)

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

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.



**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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

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 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

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

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

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

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS 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.

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

KRS 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 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.

**Note 9. Deferred Compensation**

On February 4, 2000 the Marshall 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, 2<sup>nd</sup> Floor, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 10. Insurance**

For the fiscal year ended June 30, 2021, the Marshall County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 11. Landfill Closure and Post-Closure Costs**

In 2002, the legislature passed House Bill No. 174 that among other things, provided for state assumption of responsibility for the costs of closure and remedial obligations for inactive solid waste landfills that ceased accepting waste prior to July 1, 1992. This is implemented as amendments to KRS 244, Subchapter 43. The Kentucky Division of Waste Management has determined that the Marshall County Landfill qualifies under this program for state assistance. However, as a necessary condition for performing this work, the Kentucky Division of Waste Management required a legal right of entry granting permission for assessment and construction activities on the subject property. On February 8, 2005, the Marshall County Judge/Executive signed the right of entry to the Commonwealth of Kentucky and its authorized agents the right to enter upon this land for the purpose of performing such activities.

**Note 12. Contingencies**

The county is involved in multiple lawsuits that arose from the normal course of doing business. 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 13. Payroll Revolving Account**

The reconciled balance of the payroll revolving account as of June 30, 2021 \$98,431, was added to the general fund cash balance for financial reporting purposes.

**Note 14. Conduit Debt**

From time to time, the county has issued bonds to provide financial assistance to an industrial authority 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 Marshall 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, 2021, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 15. Prior Period Adjustments**

Financial statement beginning balances were restated as follow:

	General Fund	Road Fund	Jail Fund	Emergency 911 Fund	Alcoholic Beverage Control Fund
Ending Cash Balance Prior Year	\$ 8,962,737	\$ 658,986	\$ 310,275	\$ 27,698	\$ 138,935
Adjustments:					
Prior Year Voided Checks	10,334	1,403	106	893	50
Beginning Fund Balance - Restated	<u>\$ 8,973,071</u>	<u>\$ 660,389</u>	<u>\$ 310,381</u>	<u>\$ 28,591</u>	<u>\$ 138,985</u>

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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

	<b>GENERAL FUND</b>			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 2,382,500	\$ 2,382,500	\$ 2,948,522	\$ 566,022
In Lieu Tax Payments	816,500	816,500	798,606	(17,894)
Excess Fees	205,000	295,000	435,035	140,035
Licenses and Permits	78,000	78,000	80,810	2,810
Intergovernmental	316,350	383,893	2,198,280	1,814,387
Charges for Services	26,500	26,500	12,000	(14,500)
Miscellaneous	551,404	754,812	808,674	53,862
Interest	12,000	12,000	55,029	43,029
Total Receipts	<u>4,388,254</u>	<u>4,749,205</u>	<u>7,336,956</u>	<u>2,587,751</u>
<b>DISBURSEMENTS</b>				
General Government	3,848,761	10,712,480	10,255,981	456,499
Protection to Persons and Property	561,205	650,045	564,308	85,737
General Health and Sanitation	314,600	315,291	313,194	2,097
Social Services	6,800	159,500	156,103	3,397
Recreation and Culture	738,403	772,927	738,440	34,487
Debt Service	524,570	521,870	455,741	66,129
Capital Projects	170,000	170,000	168,840	1,160
Administration	8,613,719	4,896,567	814,682	4,081,885
Total Disbursements	<u>14,778,058</u>	<u>18,198,680</u>	<u>13,467,289</u>	<u>4,731,391</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(10,389,804)</u>	<u>(13,449,475)</u>	<u>(6,130,333)</u>	<u>7,319,142</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	2,148,178	2,515,788	4,896,601	2,380,813
Transfers To Other Funds	(320,000)	(7,066)	(1,862,033)	(1,854,967)
Total Other Adjustments to Cash (Uses)	<u>1,828,178</u>	<u>2,508,722</u>	<u>3,034,568</u>	<u>525,846</u>
Net Change in Fund Balance	(8,561,626)	(10,940,753)	(3,095,765)	7,844,988
Fund Balance Beginning (Restated)	<u>8,561,626</u>	<u>8,561,626</u>	<u>8,891,735</u>	<u>330,109</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (2,379,127)</u>	<u>\$ 5,795,970</u>	<u>\$ 8,175,097</u>

**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 60,000	\$ 60,000	\$ 84,571	\$ 24,571
Intergovernmental	1,997,835	1,612,835	1,667,199	54,364
Charges for Services			1,132	1,132
Miscellaneous		63,577	67,048	3,471
Interest	7,000	7,000	8,135	1,135
Total Receipts	<u>2,064,835</u>	<u>1,743,412</u>	<u>1,828,085</u>	<u>84,673</u>
<b>DISBURSEMENTS</b>				
Roads	2,869,996	2,241,066	2,085,110	155,956
Administration	500,800	501,755	482,243	19,512
Total Disbursements	<u>3,370,796</u>	<u>2,742,821</u>	<u>2,567,353</u>	<u>175,468</u>
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	<u>(1,305,961)</u>	<u>(999,409)</u>	<u>(739,268)</u>	<u>260,141</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>1,065,961</u>	<u>745,961</u>	<u>759,409</u>	<u>13,448</u>
Total Other Adjustments to Cash (Uses)	<u>1,065,961</u>	<u>745,961</u>	<u>759,409</u>	<u>13,448</u>
Net Change in Fund Balance	(240,000)	(253,448)	20,141	273,589
Fund Balance Beginning	<u>240,000</u>	<u>240,000</u>	<u>660,389</u>	<u>420,389</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (13,448)</u>	<u>\$ 680,530</u>	<u>\$ 693,978</u>

**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,759,000	\$ 1,759,000	\$ 1,397,792	\$ (361,208)
Charges for Services	12,000	12,000	3,275	(8,725)
Miscellaneous	75,500	75,500	75,110	(390)
Interest	3,000	3,000	1,611	(1,389)
Total Receipts	<u>1,849,500</u>	<u>1,849,500</u>	<u>1,477,788</u>	<u>(371,712)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,643,855	1,622,564	1,574,624	47,940
Administration	746,600	767,891	719,103	48,788
Total Disbursements	<u>2,390,455</u>	<u>2,390,455</u>	<u>2,293,727</u>	<u>96,728</u>
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	<u>(540,955)</u>	<u>(540,955)</u>	<u>(815,939)</u>	<u>(274,984)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>385,455</u>	<u>385,455</u>	<u>625,455</u>	<u>240,000</u>
Total Other Adjustments to Cash (Uses)	<u>385,455</u>	<u>385,455</u>	<u>625,455</u>	<u>240,000</u>
Net Change in Fund Balance	(155,500)	(155,500)	(190,484)	(34,984)
Fund Balance Beginning	<u>155,500</u>	<u>155,500</u>	<u>310,381</u>	<u>154,881</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 119,897</u>	<u>\$ 119,897</u>



**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>FEDERAL GRANT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 360,544	\$ 360,543	\$ (1)
Miscellaneous		2,365	9,431	7,066
Interest			2,254	2,254
Total Receipts		<u>362,909</u>	<u>372,228</u>	<u>9,319</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>362,909</u>	<u>372,228</u>	<u>9,319</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds		(360,544)	(362,908)	(2,364)
Total Other Adjustments to Cash (Uses)		<u>(360,544)</u>	<u>(362,908)</u>	<u>(2,364)</u>
Net Change in Fund Balance		2,365	9,320	6,955
Fund Balance Beginning			280	280
Fund Balance - Ending	\$ 0	\$ 2,365	\$ 9,600	\$ 7,235

**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>EMERGENCY 911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 129,000	\$ 129,000	\$ 46,368	\$ (82,632)
Intergovernmental	212,000	392,330	377,184	(15,146)
Interest	750	750	5,109	4,359
Total Receipts	<u>341,750</u>	<u>522,080</u>	<u>428,661</u>	<u>(93,419)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	606,030	2,589,814	1,314,499	1,275,315
Administration	272,700	272,700	256,733	15,967
Total Disbursements	<u>878,730</u>	<u>2,862,514</u>	<u>1,571,232</u>	<u>1,291,282</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(536,980)</u>	<u>(2,340,434)</u>	<u>(1,142,571)</u>	<u>1,197,863</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	520,480	520,480	2,444,264	1,923,784
Total Other Adjustments to Cash (Uses)	<u>520,480</u>	<u>520,480</u>	<u>2,444,264</u>	<u>1,923,784</u>
Net Change in Fund Balance	(16,500)	(1,819,954)	1,301,693	3,121,647
Fund Balance Beginning	16,500	16,500	28,591	12,091
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (1,803,454)</u>	<u>\$ 1,330,284</u>	<u>\$ 3,133,738</u>

**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>OCCUPATIONAL TAX ADMINISTRATOR FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 4,700,000	\$ 4,700,000	\$ 6,034,244	\$ 1,334,244
Intergovernmental		1,417,475	1,417,475	
Interest	25,000	25,000	25,941	941
Total Receipts	<u>4,725,000</u>	<u>6,142,475</u>	<u>7,477,660</u>	<u>1,335,185</u>
<b>DISBURSEMENTS</b>				
General Government	60,000	38,450	18,205	20,245
Administration	200,000	1,594,334		1,594,334
Total Disbursements	<u>260,000</u>	<u>1,632,784</u>	<u>18,205</u>	<u>1,614,579</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>4,465,000</u>	<u>4,509,691</u>	<u>7,459,455</u>	<u>2,949,764</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(5,115,000)	(5,115,000)	(6,247,003)	(1,132,003)
Total Other Adjustments to Cash (Uses)	<u>(5,115,000)</u>	<u>(5,115,000)</u>	<u>(6,247,003)</u>	<u>(1,132,003)</u>
Net Change in Fund Balance	(650,000)	(605,309)	1,212,452	1,817,761
Fund Balance Beginning	<u>650,000</u>	<u>1,376,981</u>	<u>2,286,529</u>	<u>909,548</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 771,672</u>	<u>\$ 3,498,981</u>	<u>\$ 2,727,309</u>

**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>ANIMAL SHELTER FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$	\$ 13,879	\$ 13,879
Total Receipts			13,879	13,879
<b>DISBURSEMENTS</b>				
General Health and Sanitation	30,000	30,000	24,667	5,333
Total Disbursements	30,000	30,000	24,667	5,333
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(30,000)	(30,000)	(10,788)	19,212
Net Change in Fund Balance	(30,000)	(30,000)	(10,788)	19,212
Fund Balance Beginning	30,000	30,000	35,720	5,720
Fund Balance - Ending	\$ 0	\$ 0	\$ 24,932	\$ 24,932

**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>SHERIFF FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,805,000	\$ 1,812,066	\$	\$ (1,812,066)
Total Receipts	<u>1,805,000</u>	<u>1,812,066</u>		<u>(1,812,066)</u>
<b>DISBURSEMENTS</b>				
General Government		3,119,926		
Total Disbursements		<u>3,119,926</u>		
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,314,926)</u>	<u>1,812,066</u>		<u>(1,812,066)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>1,314,926</u>	<u>1,314,926</u>		
Total Other Adjustments to Cash (Uses)	<u>1,314,926</u>	<u>1,314,926</u>		
Net Change in Fund Balance		3,126,992		(3,126,992)
Fund Balance Beginning				
Fund Balance - Ending	<u>\$</u>	<u>\$ 3,126,992</u>	<u>\$</u>	<u>\$ (3,126,992)</u>

**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>ALCOHOL BEVERAGE CONTROL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 270,000	\$ 270,000	\$ 378,345	\$ 108,345
Licenses and Permits	28,000	28,000	4,600	(23,400)
Interest	500	500	3,407	2,907
Total Receipts	<u>298,500</u>	<u>298,500</u>	<u>386,352</u>	<u>87,852</u>
<b>DISBURSEMENTS</b>				
General Government	13,000	13,000	11,944	1,056
Protection to Persons and Property	415,500	120,500		120,500
Total Disbursements	<u>428,500</u>	<u>133,500</u>	<u>11,944</u>	<u>121,556</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(130,000)</u>	<u>165,000</u>	<u>374,408</u>	<u>209,408</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(295,000)	295,000
Total Other Adjustments to Cash (Uses)			<u>(295,000)</u>	<u>295,000</u>
Net Change in Fund Balance	(130,000)	165,000	79,408	(85,592)
Fund Balance Beginning	<u>130,000</u>	<u>130,000</u>	<u>138,985</u>	<u>8,985</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 295,000</u>	<u>\$ 218,393</u>	<u>\$ (76,607)</u>

**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>BUILDING INSPECTION FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Licenses and Permits	\$ 100,000	\$ 122,300	\$ 173,971	\$ 51,671
Miscellaneous			89	89
Interest	100	100	597	497
Total Receipts	<u>100,100</u>	<u>122,400</u>	<u>174,657</u>	<u>52,257</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	136,900	157,221	151,600	5,621
Administration	6,400	8,379	8,142	237
Total Disbursements	<u>143,300</u>	<u>165,600</u>	<u>159,742</u>	<u>5,858</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(43,200)</u>	<u>(43,200)</u>	<u>14,915</u>	<u>58,115</u>
Net Change in Fund Balance	(43,200)	(43,200)	14,915	58,115
Fund Balance Beginning	<u>43,200</u>	<u>43,200</u>	<u>52,573</u>	<u>9,373</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 67,488</u>	<u>\$ 67,488</u>

**MARSHALL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>AMERICAN RESCUE PLAN ACT FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$	\$ 522	\$ 522
Total Receipts			522	522
Net Change in Fund Balance			522	522
Fund Balance Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 522	\$ 522



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

**June 30, 2021**

**Note 1. Budgetary Information**

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

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

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

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

Other Adjustments to Cash - General Fund	\$ 3,034,568
To adjust for change in Payroll Revolving Accounts	<u>17,095</u>
Total Adjustments to Cash	<u><u>\$ 3,051,663</u></u>

Ending Balance - General Fund	\$ 5,795,970
To adjust for Payroll Revolving Account	<u>98,431</u>
Total Ending Balance - General Fund	<u><u>\$ 5,894,401</u></u>

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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Construction in Progress	\$ 1,879,571	\$ 498,960	\$	\$ 2,378,531
Land and Land Improvements	2,150,185	18,300		2,168,485
Buildings and Building Improvements	15,685,188			15,685,188
Vehicles and Equipment	8,424,323	989,912	37,566	9,376,669
Infrastructure	26,332,918	3,673,480		30,006,398
 Total Capital Assets	 <u>\$ 54,472,185</u>	 <u>\$ 5,180,652</u>	 <u>\$ 37,566</u>	 <u>\$ 59,615,271</u>

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

**June 30, 2021**

**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 and 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

**MARSHALL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 2021**

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**MARSHALL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Provided to Subrecipient</u>	<u>Total Federal Expenditures</u>
<b><u>Delta Regional Authority</u></b>				
<i>Direct Program</i>				
Delta Regional Authority	90.200	KY 53872	_____	_____ 364,886
<b>Total Delta Regional Authority</b>			=====	===== 364,886
<b><u>Election Assistance Commission</u></b>				
<i>Direct Program</i>				
HAVA Election Security Grants	90.404		_____	_____ 30,720
<b>Total Election Assistance Commission</b>			=====	===== 30,720
<b><u>U. S. Department of Environmental Protection Agency</u></b>				
<i>Passed-Through Kentucky Division of Water</i>				
Performance Partnership Grants Marshall County Homeowner Assistance Program	66.605	A 18-014	_____	_____ 39,856
<b>Total U.S. Department of Environmental Protection Agency</b>			=====	===== 39,856
<b><u>U. S. Department of Homeland Security</u></b>				
<i>Passed-Through State Department of Homeland Security:</i>				
Emergency Management Performance Grants	97.042	SC0952100000605	_____	_____ 20,336
<b>Total U.S. Department of Homeland Security</b>			=====	===== 20,336
<b><u>US Department of Treasury</u></b>				
<i>Passed-Through Kentucky Department For Local Government</i>				
COVID-19 - Coronavirus Relief Fund	21.019	PON21122100000672	_____	_____ 690,123
<b>Total US Department of Treasury</b>			=====	===== 690,123
Total Expenditures of Federal Awards			\$ 0	\$ 1,145,921

The accompanying notes are an integral part of this schedule

**MARSHALL COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2021**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Marshall County, Kentucky under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Marshall County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Marshall County, Kentucky.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

Marshall County has not adopted an indirect cost rate and has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4. Amounts Passed Through to Subrecipients Column**

The column on the accompanying schedule captioned "Amounts Passed Through to Subrecipients" represents the amounts transferred by the Marshall County Fiscal Court to subrecipients. During the fiscal year the Marshall County Fiscal Court did not pass any federal funds to subrecipients.

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

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The Honorable Kevin Neal, Former Marshall County Judge/Executive  
The Honorable Kevin Spraggs, Current Marshall County Judge/Executive  
Members of the Marshall County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Marshall County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Marshall 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 Marshall County Fiscal Court's internal control over financial reporting (internal control as 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 Marshall County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marshall County Fiscal Court's internal control.

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

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 Questioned Costs as items 2021-002, and 2021-006 to be material weaknesses.

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

**Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, 2021-003, 2021-004, and 2021-005 to be significant deficiencies.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Marshall 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 an instance 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 Questioned Costs as item 2021-002, 2021-003, 2021-004, 2021-005, and 2021-006.

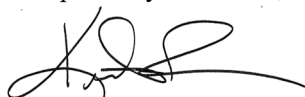
**Views of Responsible Officials and Planned Corrective Action**

Marshall County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. 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,



Romaine & Associates, PLLC

June 21, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH UNIFORM GUIDANCE**

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The Honorable Kevin Neal, Former Marshall County Judge/Executive  
The Honorable Kevin Spraggs, Current Marshall County Judge/Executive  
Members of the Marshall County Fiscal Court

Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance

Independent Auditor's Report

**Report on Compliance for Each Major Federal Program**

We have audited the Marshall County Fiscal Court's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Marshall County Fiscal Court's major federal programs for the year ended June 30, 2021. The Marshall County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Marshall County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Marshall County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Marshall County Fiscal Court's compliance.

Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance  
(Continued)

**Opinion on Each Major Federal Program**

In our opinion, the Marshall County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Report on Internal Control over Compliance**

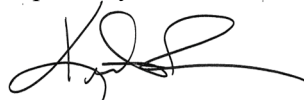
Management of the Marshall County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Marshall County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Marshall County Fiscal Court's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Romaine & Associates, PLLC

June 21, 2023

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**MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 2021**

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**MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 2021**

**Section I: Summary of Auditor's Results**

***Financial Statement***

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

***Federal Awards***

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs - <i>unmodified</i>		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Covid-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**MARSHALL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

**Section II: Financial Statement Findings**

2021-001 The Marshall County Detention Center Has A Lack Of Segregation Of Duties Over Jail Commissary Operations

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This is a repeat finding and was included in the prior year report as finding 2020-001. The Marshall County Detention Center lacks adequate segregation of duties over the jail commissary operations.

Due to a limited number of staff and the diversity of operations, the bookkeeper is required to perform multiple tasks such as posting to the receipts and disbursements ledgers, preparing bank deposits, preparing bank reconciliations, and preparing financial reports.

A lack of segregation of duties or strong oversight increases the risk that errors or fraud could occur and not be detected.

Segregation of duties over these tasks, or the implementation of compensating controls when limited by staff, is essential for providing protection from asset misappropriation and helping prevent inaccurate financial reporting.

Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately prevent the misappropriation of assets, we recommend the Jailer separate the duties of collecting receipts, deposit preparation, bank reconciliations and other accounting functions. If these duties cannot be separated due to limited staff, then strong oversight should be provided to employee or employees responsible for these duties.

Views of Responsible Official and Planned Corrective Action:

*County Jailer's Response: Due to limited staff and diversity of operation the bookkeeper is required to perform multiple tasks. Due to limited staffing these duties cannot be separated, therefore we are now taking the extra step to make sure all items are looked at and signed off by multiple people.*

2021-002 The Marshall County Fiscal Court Has Deficiencies In Controls Over Disbursements

---

This is a repeat finding and was included in the prior year report as finding 2020-002. The Marshall County Fiscal Court has deficiencies in controls over disbursements. During the 2021 fiscal year there were:

- Six disbursements in the total amount of \$813,201 were not paid within 30 days.
- Finance charges paid on 1 month of credit card statements tested.

Due to payments being made late, the credit card company charged a late fee one month. The credit card company charged a finance charge due to the complete amount charged not being paid in its entirety in the second month.

Due to the fiscal court's inadequate control over disbursements, the fiscal court was not in compliance with KRS 65.140.

**MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2021  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

2021-002 The Marshall County Fiscal Court Has Deficiencies In Controls Over Disbursements (Continued)

KRS 65.140 states, "...all bill for goods or services shall be paid within (30) working days of receipt of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor." Strong internal controls require proper documentation to be kept for all disbursements. Also, strong oversight over disbursements is required to ensure that invoices are paid timely.

Auditors recommend that proper documentation be kept for all disbursements, and that credit card statements and all other invoices be paid timely.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: This finding is during a fiscal year prior to Kevin Spraggs' term as County Judge Executive. This response is in relation to four disbursements that were NOT made within 30 days of the invoice date. Disbursements are already always made by Treasurer's Office within 30 days of invoice entry for payment. Invoice entry occurs at the Department Supervisor level. Department Supervisors have been, and will continue to be, reminded of entering invoices immediately upon receipt to facilitate on time payment. Also, the largest invoice on the list where disbursement was not made timely was related to Marshall County 911. During this time period, the 911 Director's communication with various county personnel had begun to break down.*

2021-003 The Marshall County Jailer Failed To Maintain Minimum Accounting Records For The Jail Commissary

The Marshall County Jailer failed to maintain minimum accounting records for the Jail Commissary Account. The ledgers used by the Marshall County Jailer did not break down expenditures into categories, and was essentially a check register. Also, the jailer's year end Commissary Report was not accurate.

The style of ledgers used were due to a management choice by the jailer. The Commissary Reports inaccuracies were due to oversights when preparing the document.

Since the ledgers that were used by the jailer did not meet the minimum standards set by DLG the jailer was in noncompliance with KRS 68.210.

KRS 68.210 gives authority to the administration of the county uniform budget system to set requirements for a uniform system of accounts for all counties and officials. The DLG budget manual released under that administration states, "Each check written must be posted to the proper category listed on the form. Checks should be issued for all expenditures made." Also, strong internal controls require reports to be reviewed to ensure their accuracy.

Auditors recommend that the jailer comply with the minimum account and reporting standards of KRS 68.210 and DLG budget manual by categorizing all receipts and expenditures from the Jail Commissary fund on their ledgers, and to review all records and reports to ensure they are accurate.



**MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2021  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

2021-003 The Marshall County Jailer Failed To Maintain Minimum Accounting Records For The Jail Commissary (Continued)

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Views of Responsible Official and Planned Corrective Action:

*County Jailer's Response: We will start with the new journal you send to start to categorize the items the way you suggested*

2021-004 The Marshall County Jailer Did Not Make Daily Deposits

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The Marshall County Jailer did not batch their receipts daily as required by KRS 68.210, but instead batched them weekly.

This control deficiency is due to a lack of oversight by the jailer, and a weak control process.

The Marshall County Jailer is not in compliance with KRS 68.210 and receipts are put at a higher risk of misappropriation.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the DLG's County Budget Preparation and State Local Finance Officer Policy Manual which requires receipts to be deposited and batched daily. Strong internal controls put in place will ensure that this KRS is met and risk over receipts are minimized.

Auditors recommend that the Marshall County Jailer require all receipts to be batched and deposited daily.

Views of Responsible Official and Planned Corrective Action:

*County Jailer's Response: Due to a limited number of staff and the many responsibilities they have, going to the Bank on a Daily basis is not always possible, but we will do our best to accomplish this task.*

2021-005 The Fiscal Court Failed To Make Continuing Financial Disclosures

---

Marshall County Fiscal Court failed to make the continuing financial disclosures that were required by an agreement for the General Obligation Bonds, Series 2012 and the General Obligation Bonds, Series 2019. Upon review of the fiscal court's debt agreements, it was noted that two required continuing disclosures report to the MSRB.

According to the county judge executive, the fiscal court was aware of the continuing disclosure requirements included in the lease agreement, however due to the appointment of a new treasurer and finance officer the final financial statements were not completed in time to fulfill the requirement.

By not being in compliance with the lease agreement the bondholders could seek legal action to require the submission of the required financial information.

Within the agreement for the General Obligation Refunding Bonds, Series 2012 and the General Obligation Bonds, Series 2019 the continuing disclosure agreement states that annual financial information and operating data shall be made available to the MSRB at least annually and no later than 210 days after the end of the fiscal year.

**MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2021  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

2021-005 The Fiscal Court Failed To Make Continuing Financial Disclosures (Continued)

We recommend the fiscal court provide annual financial information to the MSRB as required by the lease agreement.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: This finding is during a fiscal year prior to Kevin Spraggs' term as County Judge/Executive. This response is in relation to failure to make continuing disclosures as required by General Obligation Bond Agreements. This occurred because of a communication error between the former Judge Executive and the Treasurer. In the future, all financial statements and audits (as they are completed) will be forwarded to Bond Agreement contacts.*

2021-006 The Marshall County Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements

The Marshall County Fiscal Court issued General Obligation Refunding Bonds, Series 2012. The receipts and disbursements associated with debt service payments for the bond were not included in the budget process nor subsequently reported on the county's financial statements. These bond funds are required to be budgeted as determined by Kentucky Department For Local Government.

The fiscal court was not aware that the activity in the debt accounts must be included in the county's budget.

Because the county failed to amend the budget according to KRS 68.280, they were not in compliance with statute. Failing to properly budget or amend budget line item resulted in following budget line item exceeding budgeted appropriation, which is not in compliance with applicable statutes.

- Debt Service Fund debt service exceeded budgeted appropriations by \$541,000.

KRS 68.280 states, "The fiscal court may make provision for the expenditure of receipts unanticipated in the original budget by preparing an amendment to the budget, showing the source and amount of the unanticipated receipts and specifying the budget funds that are to be increased thereby."

KRS 68.300 states, "Any appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within the budget appropriation, shall be void."

We recommend the fiscal court comply with KRS 68.280 and KRS 68.300 by budgeting all fiscal court revenues and disbursements and amending the budget as necessary to reflect unanticipated receipts and disbursements, including those handled by Administrative Office Of The Courts.

**MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2021  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

2021-006 The Marshall County Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements (Continued)

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: This finding is during a fiscal year prior to Kevin Spraggs' term as County Judge/Executive. This finding relates to the comment that all debt related disbursements were not properly budgeted for and recorded. THIS IS A REPEAT FINDING for FY20 audit, during which it was discovered that the funds that have been historically designated as Public Properties Corporation Funds were never brought into the Fiscal Court financials due to funds with this classification not being required to be part of the court's financials. However, during the processing of FY20 audit, auditors brought to our attention that around 2012, the Marshall County Fiscal Court's Public Properties Corporation was reclassified, and no longer fell under that designation. The funds should have been brought into the court's financials at that time, but were not. Additionally, throughout the years that followed the reclassification, this issue had never been raised on an audit, until the FY20 audit. This finding has already been corrected by the fiscal court. The correction took place after the completion of the FY20 audit that occurred during April of 2022. Since the correction did not take place until FY22, it became a repeat finding for FY21.*

**Section III: Federal Award Findings And Questioned Costs**

No findings

**Section IV: Review of Prior Year Findings and Questioned Costs**

Finding Number	Prior Year Finding Title	Status	Corrective Action
2020-001	The Marshall County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Materially Misstated	Resolved	N/A
2020-002	The Fiscal Court Failed To Implement Adequate Internal Controls Over Period Of Performance	Resolved	N/A
2020-003	The Marshall County Fiscal Court Lacks Internal Controls Over Bank Accounts And Reconciliations	Resolved	N/A
2020-004	The Marshall County Fiscal Court Has Deficiencies With Their Reporting Of Encumbrances	Resolved	N/A
2020-005	The Marshall County Detention Center Has A Lack Of Segregation Of Duties Over Jail Commissary Operations	Unresolved	See corrective action for current year finding 2021-001
2020-006	The Marshall County Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements	Unresolved	See corrective action for current year finding 2021-006
2020-007	The Marshall County Fiscal Court Has Material Weaknesses And Noncompliance Regarding Payroll And Timekeeping In Processing The Marshall County Detention Center (Jail)	Resolved	N/A
2020-008	The Marshall County Jailer Did Not Comply With KRS 441.225	Resolved	N/A
2020-009	The Marshall County Detention Center (Jail) Did Not Properly Compensate Employees For Overtime	Resolved	N/A

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

**MARSHALL COUNTY FISCAL COURT**

**For The Year Ended June 30, 2021**


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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
MARSHALL COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2021

The Marshall 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.



County Judge/Executive



County Treasurer