

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

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

**Roy W Hunter, CPA, PLLC  
1890 Star Shoot Parkway  
Suite 170-147  
Lexington, KY 40509**

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**Independent Auditor's Report**

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Sarah Steele, Mercer County Judge/Executive

The Honorable Scott Moseley, Former Mercer County Judge/Executive

Members of the Mercer County Fiscal Court

**Report on the Audit of the Financial Statement*****Opinions***

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Mercer County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Mercer County Fiscal Court's financial statement as listed in the table of contents.

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

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Mercer County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Mercer County Fiscal Court, for the year ended June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Mercer County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Andy Beshear, Governor Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Sarah Steele, Mercer County Judge/Executive  
The Honorable Scott Moseley, Former Mercer County Judge/Executive  
Members of the Mercer 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 Mercer County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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

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

***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mercer County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mercer County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

The Honorable Andy Beshear, Governor Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Sarah Steele, Mercer County Judge/Executive  
The Honorable Scott Moseley, Former Mercer County Judge/Executive  
Members of the Mercer County Fiscal Court

***Auditor's Responsibilities for the Audit of the Financial Statement (Continued)***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Matters**

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Mercer County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

***Other Information***

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

To the People of Kentucky

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The Honorable Andy Beshear, Governor Holly M.

Johnson, Secretary

Finance and Administration Cabinet

The Honorable Sarah Steele, Mercer County Judge/Executive

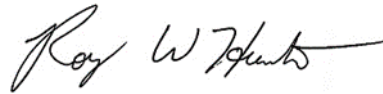
The Honorable Scott Moseley, Former Mercer County Judge/Executive

Members of the Mercer County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023, on our consideration of the Mercer County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mercer County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Roy W. Hunter". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Roy W. Hunter, CPA PLLC  
Lexington, Kentucky

November 2, 2023

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

Sarah Gray Steele	County Judge/Executive - January 2, 2023 - Present
Scott Moseley	Former County Judge/Executive - July 1, 2022- January 1, 2023
Stephen "Pete" Elliott	Magistrate District 1 - January 2, 2023 - Present
Ronnie Sims	Former Magistrate District 1 July 1, 2022 - January 1, 2023
Tim Darland	Magistrate District 2
Jackie Claycomb	Magistrate District 3
Susan Thompson Barrington	Magistrate District 4 - January 2, 2023 - Present
Donnie Webb	Former Magistrate District 4 July 1, 2022 - January 1, 2023
Kevin Hicks	Magistrate District 5 - January 2, 2023 - Present
Wayne T. Jackson	Former Magistrate District 5 July 1, 2022 - January 1, 2023
Dennis Holiday	Magistrate District 6

**Other Elected Officials:**

Ted Dean	County Attorney
Bret Chamberlain	Jailer
Chris Horn	County Clerk
Allison Buchanan	Circuit Court Clerk
Ernie Kelty	Sheriff
Jessica Elliott	Property Valuation Administrator
Sonny Ransdell	Coroner

**Appointed Personnel:**

Sandra Sanders	Former County Treasurer - July 1, 2022 - May 21, 2023
Mary Conley	Interim County Treasurer - May 1, 2023 - June 11, 2023
Christy Wheeler	County Treasurer - June 12, 2023 - Present
Todd Palmer	Road Supervisor



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

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

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

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

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 2,588,176	\$	\$	\$
Excess Fees	370,509			
Intergovernmental	595,401	1,816,371	266,629	64,419
Charges for Services	90,043			
Miscellaneous	183,040	4,144		
Interest	150,701	23,644	23,758	292
Total Receipts	<u>3,978,870</u>	<u>1,844,159</u>	<u>290,387</u>	<u>64,711</u>
<b>DISBURSEMENTS</b>				
General Government	1,312,015	15,525		37,000
Protection to Persons and Property	267,522	1,708	921,488	
General Health and Sanitation	196,426	1,460		
Social Services	52,147			2,250
Recreation and Culture	215,102			
Transportation Facility and Services		1,400		
Roads		1,386,791		
Other Transportation Facilities and Services		650		
Debt Service				
Capital Projects		103,528		
Administration	1,268,394	281,320		
Total Disbursements	<u>3,311,606</u>	<u>1,792,382</u>	<u>921,488</u>	<u>39,250</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>667,264</u>	<u>51,777</u>	<u>(631,101)</u>	<u>25,461</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	3,877,715		750,000	
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)	<u>3,877,715</u>		<u>750,000</u>	
Net Change in Fund Balance	4,544,979	51,777	118,899	25,461
Fund Balance - Beginning (Restated)	<u>2,862,570</u>	<u>682,379</u>	<u>1,004,951</u>	<u>399,202</u>
Fund Balance - Ending	<u>\$ 7,407,549</u>	<u>\$ 734,156</u>	<u>\$ 1,123,850</u>	<u>\$ 424,663</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 7,322,070	\$ 653,317	\$ 605,796	\$ 424,663
Less: Outstanding Checks	(64,521)	(29,161)	(3,554)	
Certificates of Deposit	150,000	110,000	521,608	
Fund Balance - Ending	<u>\$ 7,407,549</u>	<u>\$ 734,156</u>	<u>\$ 1,123,850</u>	<u>\$ 424,663</u>

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

**MERCER COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>Budgeted Funds</b>						
<b>Federal Grant Fund</b>	<b>Solid Waste Fund</b>	<b>Landfill Fund</b>	<b>Payroll and Net Profit Fund</b>	<b>County Clerk Permanent Storage Fund</b>	<b>Opioid Abatement Fund</b>	<b>American Rescue Plan Act Fund</b>
\$	\$	\$	\$ 1,863,506	\$	\$	\$
33,345	20,875	62,544				2,130,114
	19,075	580,367	18,315	40,440	131,290	
	59	521	199,226	19	96	4,458
<u>33,345</u>	<u>40,009</u>	<u>682,759</u>	<u>2,081,047</u>	<u>40,459</u>	<u>131,386</u>	<u>2,134,572</u>
			48,050	110	24	
	69,060	565,564				
33,345		333	608			
<u>33,345</u>	<u>69,060</u>	<u>565,897</u>	<u>48,658</u>	<u>110</u>	<u>24</u>	
	(29,051)	116,862	2,032,389	40,349	131,362	2,134,572
	50,000		(800,000)			(3,877,715)
	50,000		(800,000)			(3,877,715)
	20,949	116,862	1,232,389	40,349	131,362	(1,743,143)
	29,421	347,400	4,421,545			1,743,206
<u>\$ 0</u>	<u>\$ 50,370</u>	<u>\$ 464,262</u>	<u>\$ 5,653,934</u>	<u>\$ 40,349</u>	<u>\$ 131,362</u>	<u>\$ 63</u>
\$	\$ 51,787	\$ 464,720	\$ 4,987,317	\$ 40,349	\$ 131,362	\$ 63
	(1,417)	(458)	(1,006)			
			667,623			
<u>\$ 0</u>	<u>\$ 50,370</u>	<u>\$ 464,262</u>	<u>\$ 5,653,934</u>	<u>\$ 40,349</u>	<u>\$ 131,362</u>	<u>\$ 63</u>

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

**MERCER COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<u>Unbudgeted Fund</u>	
	<b>Public Properties Corporation Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>		
Taxes	\$	\$ 4,451,682
Excess Fees		370,509
Intergovernmental	904,250	5,893,948
Charges for Services		689,485
Miscellaneous		416,556
Interest	327	403,101
Total Receipts	<u>904,577</u>	<u>12,226,281</u>
<b>DISBURSEMENTS</b>		
General Government		1,412,724
Protection to Persons and Property		1,190,718
General Health and Sanitation		832,510
Social Services		54,397
Recreation and Culture		215,102
Transportation Facility and Services		1,400
Roads		1,386,791
Other Transportation Facilities and Services		650
Debt Service	903,150	903,150
Capital Projects		136,873
Administration	1,101	1,551,756
Total Disbursements	<u>904,251</u>	<u>7,686,071</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>326</u>	<u>4,540,210</u>
<b>Other Adjustments to Cash (Uses)</b>		
Transfers From Other Funds		4,677,715
Transfers To Other Funds		<u>(4,677,715)</u>
Total Other Adjustments to Cash (Uses)		
Net Change in Fund Balance	326	4,540,210
Fund Balance - Beginning (Restated)	4,732	11,495,406
Fund Balance - Ending	<u>\$ 5,058</u>	<u>\$ 16,035,616</u>
<b>Composition of Fund Balance</b>		
Bank Balance	\$ 5,058	\$ 14,686,502
Less: Outstanding Checks		(100,117)
Certificates of Deposit		<u>1,449,231</u>
Fund Balance - Ending	<u>\$ 5,058</u>	<u>\$ 16,035,616</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**MERCER COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2023**

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

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

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

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

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

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

**Budgeted Funds (Continued)**

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

Federal Grants Fund - The primary purpose of this fund is to account for federal grants funds received and expended.

Solid Waste Fund - The primary purpose of this fund is account for grants and solid waste pickup and related disbursements. The primary sources of receipts for this fund are grants and residents of Mercer County.

Landfill Fund - This fund includes post-closure maintenance and monitoring costs of the landfill. This fund also includes activities related to the collection and disposal of garbage and recycling materials from residents of Mercer County.

Payroll and Net Profit Fund - The primary purpose of this fund is for collection of local payroll taxes and net profit tax, which is the primary revenue source. These funds are used to support the operation of county government.

County Clerk Permanent Storage Fund - The primary purpose of this fund is for collection of fees from customers, which is the primary revenue source. These funds are used to support the cost associated with permanent storage of records.

Opioid Abatement Fund - The primary purpose of this fund is to account for opioid settlements funds received and expended.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for the specific receipts and disbursements related to the American Rescue Plan Act for relief of negative impacts due to the coronavirus pandemic.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted fund:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings. The state local finance officer does not require the fiscal court to report or budget this fund.

**D. Budgetary Information**

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



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

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

**D. Budgetary Information (Continued)**

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

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

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

**E. Mercer County Elected Officials**

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

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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

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

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

**H. Related Obligations and Joint Ventures**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on this criteria, Mercer County Fiscal Court has no related organizations.

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

Anderson Dean Community Park  
Mercer County Industrial Development  
Mercer County Sanitation District  
Mercer County Planning and Zoning Commission

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

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

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

**Note 3. Transfers**

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

	Payroll and Net Profit Fund	American Rescue Plan Act Fund	Total Transfers In
General Fund		\$ 3,877,715	\$ 3,877,715
Jail Fund	750,000		750,000
Solid Waste Fund	50,000		50,000
Total Transfers Out	<u>\$ 800,000</u>	<u>\$ 3,877,715</u>	<u>\$ 4,677,715</u>

Reason for transfers:

To move resources from the payroll net profit fund and American Rescue Plan Act Fund transfers to general fund and other funds, for budgetary purposes, to the funds that will expend them.

**Note 4. Leases**

**A. Lessor**

On March 10, 2020, the Mercer County Fiscal Court began leasing the first floor of the county farm house to Critters Without Litters. The lease is for three years, and the lessee will pay no compensation, however, will pay all utilities associated with the property and make minor repairs to the property during the time of occupancy. The terms of this agreement shall terminate on December 31, 2023, subject to extension.

**B. Lessee**

On June 29, 2021, the Mercer County Fiscal Court entered into a five-year lease agreement as lessee for the use of a postage meter. An initial lease liability was recorded in the amount of \$2,851. As of June 30, 2023, the value of the lease liability was \$1,710. The Mercer County Fiscal Court is required to make monthly principal payments of \$570.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30	Principal
2024	\$ 570
2025	570
2026	<u>570</u>
Totals	<u>\$ 1,710</u>

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

**Note 4. Leases (Continued)**

**B. Lessee (Continued)**

On June 26, 2023, the Mercer County Fiscal Court entered into a five-year lease agreement as lessee for the use of a copier (A renewal of an original lease dated June 26, 2018.). An initial lease liability was recorded in the amount of \$7,800. As of June 30, 2023, the value of the lease liability was \$7,800. The Mercer County Fiscal Court is required to make monthly principal payments of \$130.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30	Principal
2024	\$ 1,560
2025	1,560
2026	1,560
2027	1,560
2028	1,560
Totals	<u>\$ 7,800</u>

**Note 5. Long-term Debt**

**A. Other Debt**

**1. Bonds**

On March 8, 2016, the Mercer County Public Properties Corporation issued \$6,170,000 of first mortgage refunding revenue bonds. Proceeds from the bonds will be used for the purpose of (i) the advance refunding of all or certain maturities of the \$12,385,000 Mercer County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds (Judicial Center Project), Series 2009, dated August 1, 2009; (ii) the payment of accrued interest, if any; and (iii) the payment of the cost of issuance incurred with respect to the issuance of the bonds. Principal payments are due annually on August 1 beginning August 1, 2021. Interest payments, which varies from 3% to 4%, is payable semi-annually on February 1 and August 1. The outstanding principal balance as of June 30, 2023, is \$4,195,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 740,000	\$ 164,150
2025	770,000	133,950
2026	80,000	102,550
2027	840,000	69,750
2028	870,000	39,900
2029	895,000	13,425
Totals	<u>\$ 4,195,000</u>	<u>\$ 523,725</u>

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

**Note 5. Long-term Debt (Continued)**

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

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

	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue Bonds	\$ 5,625,000	\$ 710,000	\$ 4,915,000	\$ 740,000
Total Long-term Debt	<u>\$ 5,625,000</u>	<u>\$ 710,000</u>	<u>\$ 4,915,000</u>	<u>\$ 740,000</u>

**C. Aggregate Debt Schedule**

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

Fiscal Year Ending June 30	<u>Other Debt</u>	
	<u>Principal</u>	<u>Scheduled Interest</u>
2024	\$ 740,000	\$ 164,150
2025	770,000	133,950
2026	80,000	102,550
2027	840,000	69,750
2028	870,000	39,900
2029	895,000	13,425
Totals	<u>\$ 4,195,000</u>	<u>\$ 523,725</u>

**Note 6. Commitments and Contingencies**

**A. Interlocal Cooperative Agreement**

Mercer County has entered into an interlocal cooperation agreement with Boyle County to share in the cost of a regional jail facility. The facility is owned by Boyle County. Mercer County agreed to pay a percentage, not below 35 percent and not to exceed 50 percent, of the yearly costs in exchange for the use of the facility for Mercer County prisoners. Debt service for the jail is allocated when the annual operation budget is determined.

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

**Note 6. Commitments and Contingencies (Continued)**

**B. Solid Waste Landfill**

The Mercer County Fiscal Court operated a landfill, which ceased operations on June 30, 1992. The county initiated closure operations in April 1991. Closure costs were estimated to be \$52,700 and the county completed the steps necessary to close the landfill. The county believes that it has met all federal, state, and local laws and regulations in regard to the closure of the landfill. Post-closure care consists primarily of groundwater monitoring and landscape maintenance. The county is required to file reports with the appropriate regulatory agencies regarding the findings and groundwater monitoring activities. Post-closure costs are included in the landfill fund. Mercer County expended \$2,027 for post-closure costs for fiscal year ended June 30, 2023. Future costs are estimated to be the same as what was expended this fiscal year and have been budgeted in the landfill fund. Inflation, deflation, technology, or applicable laws and regulations could affect these costs.

**Note 7. Employee Retirement System**

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

The county's contribution for FY 2021 was \$500,853, FY 2022 was \$567,316, and FY 2023 was \$592,440.

Nonhazardous

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

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

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

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

Nonhazardous (Continued)

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Benefits are covered under KRS 78.5536.

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

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

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement. Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

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

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

Other Post-Employment Benefits (OPEB) (Continued)

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

**Note 8. Deferred Compensation**

The Mercer 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.



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

**Note 8. Deferred Compensation (Continued)**

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

**Note 9. Health Reimbursement Account**

The Mercer County Fiscal Court established a flexible spending account on January 28, 1999, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to eligible employees, providing \$1,500 each year to pay for qualified medical expenses.

**Note 10. Insurance**

For the fiscal year ended June 30, 2023, the Mercer County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 11. Conduit Debt**

From time to time, the county has issued bonds to provide financial assistance to industries in Mercer County for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Mercer 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, 2023, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 12. Tax Abatement**

The occupational tax license fee was abated under the authority of the Kentucky Business Investment (KBI). Hitachi Automotive Systems Americas, Inc. (the company) is eligible to receive this tax abatement as a result of its commitment to create certain jobs and investments in Harrodsburg, Kentucky. The taxes are abated by allowing the company to retain or have rebated to them 0.33 % of subject wages and compensation earned in Mercer County, Kentucky in accordance with Mercer County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes can be suspended if the company does not maintain the required baseline of 626 employees and at least 10 employees associated with the new Kentucky Business Investment Program Project. For fiscal year ended June 30, 2023, the Mercer County Fiscal Court abated occupational taxes totaling \$16,823.

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

**Note 13. Prior Period Adjustments**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Payroll and Net Profit Fund</u>
Fund Balance - Beginning	\$ 2,862,272	\$ 682,247	\$ 4,420,915
Prior Year Outstanding Checks Voided	<u>298</u>	<u>132</u>	<u>630</u>
Fund Balance - Beginning (Restated)	<u>\$ 2,862,570</u>	<u>\$ 682,379</u>	<u>\$ 4,421,545</u>

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

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

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

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

	<b>GENERAL FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,357,688	\$ 2,357,688	\$ 2,588,176	\$ 230,488
Excess Fees	24,702	24,702	370,509	345,807
Intergovernmental	329,166	534,233	595,401	61,168
Charges for Services	88,750	88,750	90,043	1,293
Miscellaneous	47,100	186,534	183,040	(3,494)
Interest	4,750	4,750	150,701	145,951
Total Receipts	<u>2,852,156</u>	<u>3,197,657</u>	<u>3,978,870</u>	<u>781,213</u>
<b>DISBURSEMENTS</b>				
General Government	1,387,174	1,776,160	1,312,015	464,145
Protection to Persons and Property	314,300	317,470	267,522	49,948
General Health and Sanitation	158,850	219,508	196,426	23,082
Social Services	62,850	62,850	52,147	10,703
Recreation and Culture	226,700	357,083	215,102	141,981
Debt Service	2,000	2,000		2,000
Administration	2,739,284	5,376,418	1,268,394	4,108,024
Total Disbursements	<u>4,891,158</u>	<u>9,620,844</u>	<u>3,311,606</u>	<u>6,309,238</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,039,002)</u>	<u>(6,423,187)</u>	<u>667,264</u>	<u>7,090,451</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			3,877,715	3,877,715
Transfers To Other Funds	(313,905)	(313,905)		313,905
Total Other Adjustments to Cash (Uses)	<u>(313,905)</u>	<u>(313,905)</u>	<u>3,877,715</u>	<u>4,191,620</u>
Net Change in Fund Balance	(2,352,907)	(6,737,092)	4,544,979	11,282,071
Fund Balance - Beginning (Restated)	<u>2,352,907</u>	<u>2,862,272</u>	<u>2,862,570</u>	<u>298</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (3,874,820)</u>	<u>\$ 7,407,549</u>	<u>\$ 11,282,369</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,623,042	\$ 2,062,602	\$ 1,816,371	\$ (246,231)
Miscellaneous	21,750	24,816	4,144	(20,672)
Interest	1,200	1,200	23,644	22,444
Total Receipts	<u>1,645,992</u>	<u>2,088,618</u>	<u>1,844,159</u>	<u>(244,459)</u>
<b>DISBURSEMENTS</b>				
General Government	17,450	17,450	15,525	1,925
Protection to Persons and Property	2,000	2,000	1,708	292
General Health and Sanitation	30,000	30,000	1,460	28,540
Transportation Facilities and Services	5,000	5,000	1,400	3,600
Roads	1,967,316	2,088,356	1,386,791	701,565
Other Transportation Facilities and Services	700	700	650	50
Capital Projects	40,000	220,000	103,528	116,472
Administration	610,431	721,264	281,320	439,944
Total Disbursements	<u>2,672,897</u>	<u>3,084,770</u>	<u>1,792,382</u>	<u>1,292,388</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,026,905)</u>	<u>(996,152)</u>	<u>51,777</u>	<u>1,047,929</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	313,905	313,905		(313,905)
Transfers To Other Funds		(30,753)		30,753
Total Other Adjustments to Cash (Uses)	<u>313,905</u>	<u>283,152</u>		<u>(283,152)</u>
Net Change in Fund Balance	(713,000)	(713,000)	51,777	764,777
Fund Balance - Beginning (Restated)	<u>713,000</u>	<u>713,000</u>	<u>682,379</u>	<u>(30,621)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 734,156</u>	<u>\$ 734,156</u>

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

	<b>JAIL FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 100,150	\$ 100,150	\$ 266,629	\$ 166,479
Miscellaneous	250	250		(250)
Interest	1,500	1,500	23,758	22,258
Total Receipts	<u>101,900</u>	<u>101,900</u>	<u>290,387</u>	<u>188,487</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,187,152	1,187,897	921,488	266,409
Administration	821,908	1,104,505		1,104,505
Total Disbursements	<u>2,009,060</u>	<u>2,292,402</u>	<u>921,488</u>	<u>1,370,914</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,907,160)</u>	<u>(2,190,502)</u>	<u>(631,101)</u>	<u>1,559,401</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,185,552	1,185,552	750,000	(435,552)
Total Other Adjustments to Cash (Uses)	<u>1,185,552</u>	<u>1,185,552</u>	<u>750,000</u>	<u>(435,552)</u>
Net Change in Fund Balance	(721,608)	(1,004,950)	118,899	1,123,849
Fund Balance - Beginning	<u>721,608</u>	<u>1,004,950</u>	<u>1,004,951</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,123,850</u>	<u>\$ 1,123,850</u>



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

	<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 64,419	\$ 9,419
Interest	200	200	292	92
Total Receipts	<u>55,200</u>	<u>55,200</u>	<u>64,711</u>	<u>9,511</u>
<b>DISBURSEMENTS</b>				
General Government	37,000	37,000	37,000	
Social Services	3,000	3,000	2,250	750
Road Facilities	105,000	105,000		105,000
Administration	265,200	309,402		309,402
Total Disbursements	<u>410,200</u>	<u>454,402</u>	<u>39,250</u>	<u>415,152</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(355,000)</u>	<u>(399,202)</u>	<u>25,461</u>	<u>424,663</u>
Net Change in Fund Balance	(355,000)	(399,202)	25,461	424,663
Fund Balance - Beginning	<u>355,000</u>	<u>399,202</u>	<u>399,202</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 424,663</u>	<u>\$ 424,663</u>

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

	<b>FEDERAL GRANT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 33,345	\$ 33,345	\$
Total Receipts		33,345	33,345	
<b>DISBURSEMENTS</b>				
Capital projects		33,345	33,345	
Total Disbursements		33,345	33,345	
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

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

	<b>SOLID WASTE FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 20,875	\$ 13,375
Charges for Services	15,000	15,000	19,075	4,075
Miscellaneous	1,200	1,200		(1,200)
Interest	100	100	59	(41)
Total Receipts	<u>23,800</u>	<u>23,800</u>	<u>40,009</u>	<u>16,209</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	106,650	107,321	69,060	38,261
Administration	20,450	31,200		31,200
Total Disbursements	<u>127,100</u>	<u>138,521</u>	<u>69,060</u>	<u>69,461</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(103,300)</u>	<u>(114,721)</u>	<u>(29,051)</u>	<u>85,670</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	85,300	85,300	50,000	(35,300)
Total Other Adjustments to Cash (Uses)	<u>85,300</u>	<u>85,300</u>	<u>50,000</u>	<u>(35,300)</u>
Net Change in Fund Balance	(18,000)	(29,421)	20,949	50,370
Fund Balance - Beginning	<u>18,000</u>	<u>29,421</u>	<u>29,421</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,370</u>	<u>\$ 50,370</u>

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

	<b>LANDFILL FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 221,500	\$ 221,500	\$ 62,544	\$ (158,956)
Charges for Services	370,000	370,000	580,367	210,367
Miscellaneous	33,250	33,250	39,327	6,077
Interest	175	175	521	346
Total Receipts	<u>624,925</u>	<u>624,925</u>	<u>682,759</u>	<u>57,834</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	714,250	779,983	565,564	214,419
Administration	246,675	192,342	333	192,009
Total Disbursements	<u>960,925</u>	<u>972,325</u>	<u>565,897</u>	<u>406,428</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(336,000)</u>	<u>(347,400)</u>	<u>116,862</u>	<u>464,262</u>
Net Change in Fund Balance	(336,000)	(347,400)	116,862	464,262
Fund Balance - Beginning	<u>336,000</u>	<u>347,400</u>	<u>347,400</u>	<u>          </u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 464,262</u>	<u>\$ 464,262</u>

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

**PAYROLL AND NET PROFIT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,265,000	\$ 1,265,000	\$ 1,863,506	\$ 598,506
Miscellaneous	9,600	9,600	18,315	8,715
Interest	7,000	7,000	199,226	192,226
Total Receipts	<u>1,281,600</u>	<u>1,281,600</u>	<u>2,081,047</u>	<u>799,447</u>
<b>DISBURSEMENTS</b>				
General Government	62,550	62,550	48,050	14,500
Administration	3,815,821	4,369,113	608	4,368,505
Total Disbursements	<u>3,878,371</u>	<u>4,431,663</u>	<u>48,658</u>	<u>4,383,005</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,596,771)</u>	<u>(3,150,063)</u>	<u>2,032,389</u>	<u>5,182,452</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(1,270,852)</u>	<u>(1,270,852)</u>	<u>(800,000)</u>	<u>470,852</u>
Total Other Adjustments to Cash (Uses)	<u>(1,270,852)</u>	<u>(1,270,852)</u>	<u>(800,000)</u>	<u>470,852</u>
Net Change in Fund Balance	(3,867,623)	(4,420,915)	1,232,389	5,653,304
Fund Balance - Beginning (Restated)	<u>3,867,623</u>	<u>4,420,915</u>	<u>4,421,545</u>	<u>630</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,653,934</u>	<u>\$ 5,653,934</u>

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

**COUNTY CLERK PERMANENT STORAGE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 50,000	\$ 50,000	\$ 40,440	\$ (9,560)
Interest	100	100	19	(81)
Total Receipts	<u>50,100</u>	<u>50,100</u>	<u>40,459</u>	<u>(9,641)</u>
<b>DISBURSEMENTS</b>				
General Government	50,000	50,000	110	49,890
Administration	100	100		100
Total Disbursements	<u>50,100</u>	<u>50,100</u>	<u>110</u>	<u>49,990</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>40,349</u>	<u>40,349</u>
Net Change in Fund Balance			40,349	40,349
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,349</u>	<u>\$ 40,349</u>

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

	<b>OPIOID ABATEMENT FUND</b>			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$ 131,290	\$ 131,290	\$
Interest			96	96
Total Receipts		<u>131,290</u>	<u>131,386</u>	<u>96</u>
<b>DISBURSEMENTS</b>				
General Government		100	24	76
Administration		<u>131,190</u>		<u>131,190</u>
Total Disbursements		<u>131,290</u>	<u>24</u>	<u>131,266</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>131,362</u>	<u>131,362</u>
Net Change in Fund Balance			131,362	131,362
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 131,362</u>	<u>\$ 131,362</u>

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

	<b>AMERICAN RESUCE PLAN ACT FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,130,114	\$ 2,130,114	\$ 2,130,114	\$ 0
Interest	1,500	1,500	4,458	2,958
Total Receipts	<u>2,131,614</u>	<u>2,131,614</u>	<u>2,134,572</u>	<u>2,958</u>
<b>DISBURSEMENTS</b>				
Administration	<u>3,874,614</u>			
Total Disbursements	<u>3,874,614</u>			
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,743,000)</u>	<u>2,131,614</u>	<u>2,134,572</u>	<u>2,958</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			(3,877,715)	(3,877,715)
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)			<u>(3,877,715)</u>	<u>(3,877,715)</u>
Net Change in Fund Balance	(1,743,000)	2,131,614	(1,743,143)	(3,874,757)
Fund Balance - Beginning	<u>1,743,000</u>	<u>1,743,206</u>	<u>1,743,206</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 3,874,820</u>	<u>\$ 63</u>	<u>\$ (3,874,757)</u>



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

**June 30, 2023**

**Note 1. Budgetary Information**

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

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

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

**MERCER COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Other Information - Regulatory Basis**  
  
**For The Year Ended June 30, 2023**

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

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

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 319,884	\$	\$	\$ 319,884
Buildings and Building Improvements	16,698,848	-		16,698,848
Vehicles	707,431	291,958		999,389
Machinery and Equipment	2,121,096	450,222		2,571,318
Infrastructure	10,084,138	271,031		10,355,169
 Total Capital Assets	 <u>\$ 29,931,397</u>	 <u>\$ 1,013,211</u>	 <u>\$ 0</u>	 <u>\$ 30,944,608</u>

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

**June 30, 2023**

**Note 1. Capital Assets**

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 12,500	10-45
Buildings and Building Improvements	\$ 25,000	10-60
Machinery and Equipment	\$ 5,000	3-20
Vehicles	\$ 5,000	3-20
Infrastructure	\$ 10,000	10-40

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

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

Independent Auditor's Report

The Honorable Sarah Steele, Mercer County Judge/Executive  
The Honorable Scott Moseley, Former Mercer County Judge/Executive  
Members of the Mercer County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Mercer County Fiscal Court for the fiscal year ended June 30, 2023 and the related notes to the financial statement which collectively comprise the Mercer County Fiscal Court's financial statement and have issued our report thereon dated November 2, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Mercer County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Mercer County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mercer County Fiscal Court's internal control.

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

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



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

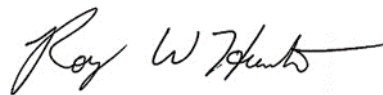
**Compliance And Other Matters**

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

**Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink that reads "Roy W. Hunter". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Roy W. Hunter, CPA PLLC  
Lexington, Kentucky

November 2, 2023

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

**MERCER COUNTY FISCAL COURT**

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


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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
MERCER COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2023

The Mercer 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