

Campbell County Fiscal Court

**Financial Statements
With Supplementary Information
Year Ended June 30, 2023
With Independent Auditors' Report**

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INDEPENDENT AUDITORS' REPORT

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson Secretary

Finance and Administration Cabinet

The Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court:

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Campbell County Fiscal Court, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Campbell County Fiscal Court's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Campbell County Fiscal Court, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Campbell County Fiscal Court - Housing Choice Voucher Program, which represent 0.96 percent, 1.23 percent and 9.15 percent of the assets, fund balance and revenues, respectively, of the Campbell County Fiscal Court as of June 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Campbell County Fiscal Court - Housing Choice Voucher Program, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Campbell 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Independent Auditors' Report
(Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 generally accepted 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 statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 Campbell 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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Campbell County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, Schedules of Proportionate Share of the Net Pension Liability and Schedule of Contributions, and Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Independent Auditors' Report
(Continued)**

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Campbell County Fiscal Court's basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024, on our consideration of the Campbell County Fiscal Court's internal control over financial reporting and on our test 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 provide an opinion on the effectiveness of Campbell County Fiscal Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Campbell County Fiscal Court's internal control over financial reporting and compliance.



Crestview Hills, Kentucky
December 12, 2024

**CAMPBELL COUNTY OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2023**

Fiscal Court Members

Steve Pendery	County Judge/Executive
Brain Painter	Commissioner
Tom Lampe	Commissioner
Geoff Besecker	Commissioner

Other Elected Officials

Steven J. Franzen	County Attorney
James A. Daley	Jailer
Jim Luersen	County Clerk
Taunya Nolan Jack	Circuit Court Clerk
Mike Jansen	Sheriff
Daniel Braun	Property Valuation Administrator
Mark Schweitzer	Coroner

Appointed Personnel

Matthew W. Elberfeld	Deputy Judge/Executive/County Administrator
Marie M. Schenkel	Finance Director/Treasurer
Brett Burcham	Occupational Tax Collector
Laura Lewis	Finance Director/Treasurer

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023
Unaudited**

Management's discussion and analysis (MD&A) of the Campbell County Fiscal Court's (the County) financial performance provides a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the County's financial statements that begin on page 11.

Financial Highlights

- Campbell County's net position was \$50,640,477 as of June 30, 2023, of which \$1,434,499 is unrestricted. In the business-type activities, cash and cash equivalents were \$2,834,041, with total net position of \$2,666,126. Total debt principal outstanding as of June 30, 2023 was \$10,920,000 with \$1,785,000 due within one year.
- The County's total net position increased by \$14,204,514 during the current year. Revenues increased overall by \$8,714,640 or approximately 17%. While tax revenue and other general revenue increased by approximately 11%, program revenues including grants increased by approximately 30%. In June 2022, the County received approximately \$9.1 million through the second tranche of the State and Local Fiscal Recovery Funds (SLFRF) as part of the American Rescue Plan Act (ARPA). These one-time funds totaling \$18.1 million received in two tranches accounted for the majority of the net position increase in the fiscal year. Expenses increased 2% for the fiscal year ended June 30, 2023.
- At the close of the current fiscal year, the County's balance sheet for governmental funds reported a fund balance of \$45,928,700. Of this amount, \$23,269,823 is available for spending at the government's discretion (unassigned fund balance).

Overview of the Financial Statements

The MD&A serves as an introduction to the County's basic financial statements, which consists of two government wide financial statements and various fund financial statements. The County's financial statements and components are listed and explained below:

Government Wide Financial Statements

The government wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. All amounts are reported on the accrual basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expense, and related assets and liabilities.

The statement of net position presents information on all the County's (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the fiscal year.

The government wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The County's governmental activities include the general government, protection to persons and property, general health and sanitation, social services, recreation and culture, roads, and bus services. The County has three business type activities: A.J. Jolly Park Fund (public properties corporation), A.J. Jolly Golf Course Fund, and Jail Commissary Fund.

The government wide financial statements include not only Campbell County Fiscal Court itself (known as the primary government), but also legally separate entities, which have a significant operation or financial relationship with the County. The County has one such entity: A.J. Jolly Park Fund (public properties corporation).

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023
Unaudited
(Continued)**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses funding accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. However, unlike the government wide financial statements, governmental funds focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains multiple individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Jail Fund, Federal Grants Fund, Housing Choice Voucher Program, and TANK Payroll Tax Fund, all of which are considered major funds by the County. The Mental Health Fund, Senior Citizens Fund, and Developers Escrow Fund are considered non-major funds and are represented in a combined form.

The County adopts an annual appropriated budget for its major governmental funds. A budgetary comparison schedule has been provided for each of these funds to demonstrate compliance with their budgets.

- Proprietary funds provide the same type of information as the business-type activities column on the government wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the A.J. Jolly Park Fund, A.J. Jolly Golf Course Fund, and Jail Commissary Fund. The A.J. Jolly Park Fund and Jail Commissary are considered non-major funds.
- Fiduciary funds are used to account for balances held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County currently has three fiduciary funds: Occupational Tax Fund, Flexible Spending Account, and Jail Inmate Fund. These three funds are custodial funds.

Notes to the Financial Statements

The notes to the financial statements (pages 23–55) provide expanded explanation about the government wide and fund financial statements and are essential to the reader in obtaining a better understanding of the information provided within the financial statements.

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023
Unaudited
(Continued)**

Financial Analysis of the County as a Whole

The following sections provide condensed financial information derived from the two government wide financial statements along with a comparison of the prior year.

	STATEMENTS OF NET POSITION					
	Governmental Activities		Business Activities		Total	
	FY23	FY22	FY23	FY22	FY23	FY22
Current Assets	\$ 59,455,808	\$ 58,047,227	\$ 2,883,679	\$ 2,573,203	\$ 62,339,487	\$ 60,620,430
Noncurrent Assets	1,826,762	-	-	-	1,826,762	-
Capital Assets	52,358,739	47,520,038	1,011,596	1,263,170	53,370,335	48,783,208
Total Assets	113,641,309	105,567,265	3,895,275	3,836,373	117,536,584	109,403,638
Deferred Outflows of Resources	8,042,806	9,917,347	169,622	235,060	8,212,428	10,152,407
Total Assets and Deferred Outflows of Resources	121,684,115	115,484,612	4,064,897	4,071,433	125,749,012	119,556,045
Current Liabilities	15,309,041	19,380,291	190,931	123,822	15,499,972	19,504,113
Noncurrent Liabilities	51,846,613	52,286,839	1,063,745	1,319,413	52,910,358	53,606,252
Total Liabilities	67,155,654	71,667,130	1,254,676	1,443,235	68,410,330	73,110,365
Deferred Inflows of Resources	6,554,110	9,768,171	144,095	241,544	6,698,205	10,009,715
Total Liabilities and Deferred Inflows of Resources	73,709,764	81,435,301	1,398,771	1,684,779	75,108,535	83,120,080
Net Investment in Capital Assets	41,663,044	35,053,187	829,874	916,742	42,492,918	35,969,929
Restricted						
Social Services	564,078	533,395	-	-	564,078	533,395
Protection to Persons and Property	1,406,155	1,182,668	-	-	1,406,155	1,182,668
Roads	2,356,552	1,465,793	-	-	2,356,552	1,465,793
Opioid Remediation	2,386,275	-	-	-	2,386,275	-
Unrestricted	(401,753)	(4,185,734)	1,836,252	1,469,912	1,434,499	(2,715,822)
Total Net Position	\$ 47,974,351	\$ 34,049,309	\$ 2,666,126	\$ 2,386,654	\$ 50,640,477	\$ 36,435,963

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023
Unaudited
(Continued)**

STATEMENTS OF ACTIVITIES

	Governmental Activities		Business Activities		Total	
	FY23	FY22	FY23	FY22	FY23	FY22
Revenues						
<u>Program Revenues:</u>						
Charges for Services	\$ 8,654,247	\$ 5,387,215	\$ 2,301,016	\$ 2,303,564	\$ 10,955,263	\$ 7,690,779
Operating Grants and Contributions	12,148,297	10,142,588	-	-	12,148,297	10,142,588
Capital Grants and Contributions	5,810	6,972	-	-	5,810	6,972
Program Revenues Funded	<u>20,808,354</u>	<u>15,536,775</u>	<u>2,301,016</u>	<u>2,303,564</u>	<u>23,109,370</u>	<u>17,840,339</u>
<u>General Revenue:</u>						
Taxes	30,327,979	27,869,004	-	-	30,327,979	27,869,004
Rental Motor Vehicle License Fee	103,338	67,880	-	-	103,338	67,880
Insurance License Fee/Tax	2,120,604	2,641,318	-	-	2,120,604	2,641,318
Excess Fees	2,278,909	1,097,782	-	-	2,278,909	1,097,782
Unrestricted Investment Earnings	183	(56)	-	-	183	(56)
Miscellaneous Revenues	694,669	415,723	-	-	694,669	415,723
Loss on Disposal of Capital Assets	-	(11,578)	-	-	-	(11,578)
Total General Revenue	<u>35,525,682</u>	<u>32,080,073</u>	<u>-</u>	<u>-</u>	<u>35,525,682</u>	<u>32,080,073</u>
Total Revenues	<u>56,334,036</u>	<u>47,616,848</u>	<u>2,301,016</u>	<u>2,303,564</u>	<u>58,635,052</u>	<u>49,920,412</u>
Expenses						
General Government	12,940,684	11,823,729	-	-	12,940,684	11,823,729
Protection to Persons and Property	11,676,165	11,805,162	-	-	11,676,165	11,805,162
General Health and Sanitation	1,942,580	1,861,925	-	-	1,942,580	1,861,925
Social Services	5,598,165	6,393,031	-	-	5,598,165	6,393,031
Recreation and Culture	882,975	702,933	-	-	882,975	702,933
Roads	4,210,215	4,006,003	-	-	4,210,215	4,006,003
Bus Services	4,470,952	4,276,040	-	-	4,470,952	4,276,040
Capital Improvements	318,613	122,824	-	-	318,613	122,824
Interest on Long-Term Debt	368,645	404,513	-	-	368,645	404,513
A.J. Jolly Golf Course	-	-	1,466,836	1,272,324	1,466,836	1,272,324
Jail Commissary	-	-	554,708	712,966	554,708	712,966
Total Expenses	<u>42,408,994</u>	<u>41,396,160</u>	<u>2,021,544</u>	<u>1,985,290</u>	<u>44,430,538</u>	<u>43,381,450</u>
Change in Net Position	13,925,042	6,220,688	279,472	318,274	14,204,514	6,538,962
Net Position - Beginning Year	34,049,309	27,828,621	2,386,654	2,068,380	36,435,963	29,897,001
Net Position - Ending Year	\$ <u>47,974,351</u>	\$ <u>34,049,309</u>	\$ <u>2,666,126</u>	\$ <u>2,386,654</u>	\$ <u>50,640,477</u>	\$ <u>36,435,963</u>

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023
Unaudited
(Continued)**

Changes in Net Position

Governmental Activities: The County's net position increased \$13,925,042. Key elements of this increase are as follows:

- Net investment in capital assets increased \$6,609,857. This was primarily due to payments made on the related debt, netted with capital asset additions.
- Revenues were \$56,334,036 as reflected in the Statement of Activities which is an increase of \$8.7 million or 18% when compared to the previous year. The significant increases include \$2 million in grant revenue increases, \$2.4 million increase in tax revenue, \$3.2 million increase in charges for services and \$1 million in other revenues.
- Expenditures totaled \$42,408,994 as reflected in the Statement of Activities which is a nominal increase from prior year.

Business-type Activities: The County's net position for these activities increased \$279,472. This is primarily due to an increase in golf course revenue.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the combined ending fund balance of the governmental funds was \$45,928,700. Approximately 51% (\$23,269,823) of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of the fund balance (\$22,658,877) is not available for new spending because it is restricted, committed, or assigned.

The County has six major governmental funds. These are: 1) General Fund; 2) Road Fund; 3) Jail Fund; 4) Federal Grants Fund; 5) Housing Choice Voucher Program Fund and 6) TANK Payroll Tax Fund. There are three non-major funds. They are the Mental Health Fund, Senior Citizens Fund, and Developers Escrow Fund.

- The General Fund is the chief operating fund of the County. At the end of the June 30, 2023 fiscal year, the total fund balance of the General Fund was \$23,926,227, \$23,269,823 of which was unassigned. The County received \$11,780,694 in Real Property tax revenues, which accounts for approximately 46% of the general fund revenue. \$5,756,594 was received from personal property, motor vehicle and insurance taxes which is approximately 22% of the County's general fund revenues. Sheriff and Clerk fees accounted for \$2,278,909 or 9% of general fund revenues. Various other taxes, service fees and investment earnings make up the remaining 23% of revenues.
- The Road Fund is a fund related to county road and bridge construction and maintenance. The Road Fund had \$2,126,393 in fund balance at June 30, 2023. The fiscal year 2023 expenditures for road projects were \$4.9 million. State funding provided approximately \$1.4 million in funding for road projects during the fiscal year. Transfers from the TANK Payroll Tax fund provided nearly all the remaining funding requirement.

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023
Unaudited
(Continued)**

- The Jail Fund is used to account for the operation of the County's detention center. The Jail Fund had a fund balance at June 30, 2023 of \$1,235,983 which is an increase of \$302,604. The Jail Fund received approximately \$2.7 million from the state and federal governments for services, primarily for housing prisoners. Intergovernmental receipts were down from fiscal year 2022 by approximately \$74 thousand. A decreased inmate population accounted for the change in intergovernmental revenue. Transfers totaling \$6 million from the general fund were used to fund jail expenses.
- The Federal Grants fund is used to account for Community Development Block Grants and other direct and pass-through grants that are non-recurring. The County received a first tranche of \$9,088,798 from the American Rescue Plan Act in fiscal year 2021 and the second tranche in 2022 for a total of \$18.1 million, of which \$11,549,822 is in unearned revenue as of year-end.
- The Housing Choice Voucher Program ended the 2023 fiscal year with a fund balance of \$564,078. The previous year's balance was \$533,395. The Program derives nearly all of its revenue from the Department of Housing and Urban Development (HUD).
- The TANK Payroll Tax Fund is used in part to provide funds for the operation of the regional transit system. As of June 30, 2023, the balance in this fund was \$15,688,180 which is an increase of \$2,274,235.
- The total fund balance for the non-major funds as of June 30, 2023 was \$2,387,839. Total expenditures for the non-major funds for the year were \$1,667,816. Revenue sources for the non-major funds include local payroll taxes designated for senior citizens and mental health programs in Campbell County.

Proprietary Funds Overview: The County's Proprietary Fund Statements provide the same type of information found in the *business-type activities* column of the Government-Wide Financial Statements, but in more detail.

The County has three enterprise funds, A.J. Jolly Park (Public Parks Corporation), A.J. Jolly Golf Course, and the Jail Commissary.

- A.J. Jolly Park net position at June 30, 2023 amounted to \$497,462. The entirety of the Park's assets consists of capital assets such as land and land improvements for the golf and general recreation facility. Net capital assets for the park amounted to \$497,462 at the fiscal year-end. On July 1, 2014, all of A.J. Jolly's current assets, liabilities, revenues and expenditures were assumed by the A.J. Jolly Golf Course Fund, a proprietary fund of the County, for management.
- A.J. Jolly Golf Course Fund's net position at June 30, 2023 was \$6,413. Revenues for the golf course amounted to \$1,575,927 which was an increase from the prior year of approximately \$184,313 or 13%. Revenues were derived primarily from user fees and concession sales.
- The Jail Commissary Fund had a net position of \$2,162,251 as of June 30, 2023 with a cash balance of \$2,185,656. Most of the revenue for this fund is derived from sales to jail inmates and the expenses are purchases of items for resale and expenditures for the benefit of the inmates such as GED course fees.

General Fund Budgetary Highlights

Actual operating revenues were 9% greater than the budget. This variance was primarily due to property tax, deed transfer taxes and insurance license fees revenues higher than anticipated in the budget.

Actual operating expenditures were 12% less than the budget as amended by the County. This was primarily due to the deferral of certain capital improvement projects and not using the contingency funding that was built into the budget.

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023
Unaudited
(Continued)**

Capital Assets and Debt Administration

Capital Assets

The County 's investments in capital assets for its governmental and business-type activities as of June 30, 2023, amounted to \$53,192,240 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to land other than buildings, machinery and equipment, vehicles, and infrastructure assets.

Major capital asset additions during the 2023 fiscal year included road and infrastructure improvements and the purchase of replacement vehicles for the police department.

SCHEDULES OF CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business Activities		Total	
	FY23	FY22	FY23	FY22	FY23	FY22
Land	\$ 4,231,925	\$ 4,231,925	\$ 497,462	\$ 497,462	\$ 4,729,387	\$ 4,729,387
Land Improvements	519,734	590,947	6,789	11,309	526,523	602,256
Buildings	26,084,078	25,735,951	84,918	92,638	26,168,996	25,828,589
Other Equipment	5,756,972	2,589,157	150,136	205,123	5,907,108	2,794,280
Vehicles and Equipment	2,097,457	1,891,102	94,196	110,657	2,191,653	2,001,759
Infrastructure Assets	13,668,573	12,480,956	-	-	13,668,573	12,480,956
	<u>\$ 52,358,739</u>	<u>\$ 47,520,038</u>	<u>\$ 833,501</u>	<u>\$ 917,189</u>	<u>\$ 53,192,240</u>	<u>\$ 48,437,227</u>

A more detailed breakdown of the capital assets and depreciation can be found in the Capital Assets note to the financial statements on pages 32–34.

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023
Unaudited
(Continued)**

Long-Term Debt

At the end of the 2023 fiscal year, the County had total bonds payable of \$10,920,000. The amount of this debt due within the next year is \$1,785,000 and \$9,135,000 is due in subsequent years. This debt is for the jail facilities and jail expansion project and County administration building. This debt is described in the Long-Term Debt note to the financial statements on pages 35–38.

	Governmental Activities		Business-Type Activities		Total	
	FY23	FY22	FY23	FY22	FY23	FY22
General Obligation Bonds	\$ 10,920,000	\$ 12,755,000	\$ -	\$ -	\$ 10,920,000	\$ 12,755,000
Unamortized Premium	129,419	159,518	-	-	129,419	159,518
Unamortized Discount	(26,139)	(36,339)	-	-	(26,139)	(36,339)
Lease Liability	-	-	181,722	346,428	181,722	346,428
	<u>\$ 11,023,280</u>	<u>\$ 12,878,179</u>	<u>\$ 181,722</u>	<u>\$ 346,428</u>	<u>\$ 11,205,002</u>	<u>\$ 13,224,607</u>

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023
Unaudited
(Continued)**

Economic Factors and Next Year's Budget

The following factors were expected to have a significant effect on the County's financial position or results of operations and were considered in developing the 2024 fiscal year budget:

- The 2024 fiscal year budget was developed to assume continuing most services at current levels, with the exception of programs for which federal or state funding is decreasing or for projects which have been completed or are nearing completion.
- The increasing cost of housing prisoners in the Campbell County Detention Center continues to be a significant factor in budgeting and accounts for approximately 30% of the overall county spending excluding spending in the Federal Grant Fund. One of the primary challenges continues to be recruiting and retaining employees. Several pay restructuring programs have been rolled out at the jail over the past several years. Contingencies were built into the 2024 fiscal year budget for additional increases in wages and overtime.
- The most significant factor that generally impacts the fiscal year budget is pension costs. After a freeze in rates in fiscal year 2020 due to the COVID health emergency for fiscal year 2021, the state increased hazardous rates by 5.26% and lowered non-hazardous rates by (0.16)% for fiscal year 2023. A 12% increase for both rates as anticipated was accounted for in the 2024 budget.
- Certain impacts of the COVID health emergency were estimated to continue throughout fiscal year 2024 and therefore, included in the fiscal year 2024 budget including the following:
 - Reduction in state road aid
 - Continued lower payments for housing state prisoners due to early releases at the beginning of the COVID health emergency
 - Inflation rates higher than historical norm
 - Supply chain disruptions

Requests for Information

This financial report is designed to provide a general overview of Campbell County's Financial Statements for all interested in the government's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to the Campbell County Finance Director/Treasurer, 1098 Monmouth St., Newport, KY 41071.

**CAMPBELL COUNTY FISCAL COURT
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and Cash Equivalents	\$ 52,987,236	\$ 2,834,041	\$ 55,821,277
Restricted Cash	1,462,196	-	1,462,196
Accounts Receivable	5,006,376	49,638	5,056,014
Total Current Assets	59,455,808	2,883,679	62,339,487
Noncurrent Assets			
Accounts Receivable	1,826,762	-	1,826,762
Right to Use Asset, Net	-	178,095	178,095
Capital Assets, Net of Accumulated Depreciation			
Land	4,231,925	497,462	4,729,387
Land Improvements	519,734	6,789	526,523
Buildings	26,084,078	84,918	26,168,996
Other Equipment	5,756,972	150,136	5,907,108
Vehicles and Equipment	2,097,457	94,196	2,191,653
Infrastructure Assets	13,668,573	-	13,668,573
Total Capital Assets, Net of Accumulated Depreciation	52,358,739	833,501	53,192,240
Total Noncurrent Assets	54,185,501	1,011,596	55,197,097
Total Assets	113,641,309	3,895,275	117,536,584
Deferred Outflows of Resources			
Deferred Loss on Refundings, Net	327,585	-	327,585
Deferred Outflows Related to Pension	4,418,918	97,151	4,516,069
Deferred Outflows Related to OPEB	3,296,303	72,471	3,368,774
Total Deferred Outflows of Resources	8,042,806	169,622	8,212,428
Total Assets and Deferred Outflows of Resources	\$ 121,684,115	\$ 4,064,897	\$ 125,749,012

See accompanying notes.

CAMPBELL COUNTY FISCAL COURT
STATEMENT OF NET POSITION
JUNE 30, 2023
(Continued)

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Liabilities			
Compensated Absences Payable	\$ -	\$ 1,241	\$ 1,241
Bonds Payable	1,804,899	-	1,804,899
Lease Liability	-	64,075	64,075
Accounts Payable	1,229,807	92,451	1,322,258
Accrued Interest	-	529	529
Accrued Payroll	724,513	32,635	757,148
Unearned Revenues	11,549,822	-	11,549,822
	<u>15,309,041</u>	<u>190,931</u>	<u>15,499,972</u>
Total Current Liabilities			
	<u>15,309,041</u>	<u>190,931</u>	<u>15,499,972</u>
Noncurrent Liabilities			
Compensated Absences Payable	631,452	22,782	654,234
Bonds Payable	9,218,381	-	9,218,381
Lease Liability	-	117,647	117,647
Net Pension Liability	32,939,913	724,197	33,664,110
Net OPEB Liability	9,056,867	199,119	9,255,986
	<u>51,846,613</u>	<u>1,063,745</u>	<u>52,910,358</u>
Total Noncurrent Liabilities			
	<u>51,846,613</u>	<u>1,063,745</u>	<u>52,910,358</u>
Total Liabilities			
	<u>67,155,654</u>	<u>1,254,676</u>	<u>68,410,330</u>
Deferred Inflows of Resources			
Deferred Inflows Related to Pension	2,660,179	58,485	2,718,664
Deferred Inflows Related to OPEB	3,893,931	85,610	3,979,541
	<u>6,554,110</u>	<u>144,095</u>	<u>6,698,205</u>
Total Deferred Outflows of Resources			
	<u>6,554,110</u>	<u>144,095</u>	<u>6,698,205</u>
Total Liabilities and Deferred Inflows of Resources			
	<u>73,709,764</u>	<u>1,398,771</u>	<u>75,108,535</u>
Net Position			
Net Investment in Capital Assets	41,663,044	829,874	42,492,918
Restricted for			
Social Services	564,078	-	564,078
Protection to Persons and Property	1,406,155	-	1,406,155
Roads	2,356,552	-	2,356,552
Opioid Remediation	2,386,275	-	2,386,275
Unrestricted	(401,753)	1,836,252	1,434,499
	<u>(401,753)</u>	<u>1,836,252</u>	<u>1,434,499</u>
Total Net Position			
	<u>\$ 47,974,351</u>	<u>\$ 2,666,126</u>	<u>\$ 50,640,477</u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2023**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Governmental Activities							
General Government	\$ 12,940,684	\$ 2,008,691	\$ 345,594	\$ -	\$ (10,586,399)	\$ -	\$ (10,586,399)
Protection to Persons and Property	11,676,165	3,721,462	772,826	-	(7,181,877)	-	(7,181,877)
General Health and Sanitation	1,942,580	2,404,262	140,967	-	602,649	-	602,649
Social Services	5,598,165	16,142	9,322,505	-	3,740,482	-	3,740,482
Recreation and Culture	882,975	495,715	-	-	(387,260)	-	(387,260)
Roads	4,210,215	7,975	1,566,405	5,810	(2,630,025)	-	(2,630,025)
Bus Services	4,470,952	-	-	-	(4,470,952)	-	(4,470,952)
Capital Improvements	318,613	-	-	-	(318,613)	-	(318,613)
Interest on Long-Term Debt	368,645	-	-	-	(368,645)	-	(368,645)
Total Governmental Activities	42,408,994	8,654,247	12,148,297	5,810	(21,600,640)	-	(21,600,640)
Business-Type Activities							
A.J. Jolly Golf Course	1,466,836	1,575,927	-	-	-	109,091	109,091
Jail Commissary	554,708	725,089	-	-	-	170,381	170,381
Total Business-Type Activities	2,021,544	2,301,016	-	-	-	279,472	279,472
Total Primary Government	\$ 44,430,538	\$ 10,955,263	\$ 12,148,297	\$ 5,810	(21,600,640)	279,472	(21,321,168)
General Revenues							
Taxes							
Real Property Taxes					11,882,667	-	11,882,667
Personal Property Taxes					962,853	-	962,853
Motor Vehicle Property Taxes					1,327,132	-	1,327,132
Occupational Taxes					13,718,327	-	13,718,327
Other Taxes					2,437,000	-	2,437,000
Rental Motor Vehicle License Fee					103,338	-	103,338
Insurance License Fee/Tax					2,120,604	-	2,120,604
Excess Fees					2,278,909	-	2,278,909
Unrestricted Investment Earnings					183	-	183
Miscellaneous Revenues					694,669	-	694,669
Total General Revenues and Transfers					35,525,682	-	35,525,682
Change in Net Position					13,925,042	279,472	14,204,514
Net Position July 1, 2022					34,049,309	2,386,654	36,435,963
Net Position June 30, 2023					\$ 47,974,351	\$ 2,666,126	\$ 50,640,477

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Major Funds							
	General Fund	Road Fund	Jail Fund	Federal Grants Fund	Housing Choice Voucher Program	TANK Payroll Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and Cash Equivalents	\$ 23,332,094	\$ 1,862,343	\$ 1,197,571	\$ 12,019,433	\$ 100	\$ 12,831,714	\$ 1,743,981	\$ 52,987,236
Accounts Receivable								
Taxes	422,510	-	-	-	-	2,856,612	476,101	3,755,223
Excess Fees	215,746	-	-	-	-	-	-	215,746
Intergovernmental	1,987,754	357,964	198,629	-	-	-	6,851	2,551,198
Charges for Services	195,346	-	77,805	-	-	-	-	273,151
Miscellaneous	658	-	23,504	-	12,520	-	1,138	37,820
Restricted Cash	656,404	-	-	-	575,633	-	230,159	1,462,196
Total Assets	<u>\$ 26,810,512</u>	<u>\$ 2,220,307</u>	<u>\$ 1,497,509</u>	<u>\$ 12,019,433</u>	<u>\$ 588,253</u>	<u>\$ 15,688,326</u>	<u>\$ 2,458,230</u>	<u>\$ 61,282,570</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts Payable	\$ 556,462	\$ 37,128	\$ 100,981	\$ 469,611	\$ 599	\$ 146	\$ 64,880	\$ 1,229,807
Accrued Payroll	490,615	56,786	160,545	-	11,056	-	5,511	724,513
Unearned Revenues	-	-	-	11,549,822	-	-	-	11,549,822
Total Liabilities	<u>1,047,077</u>	<u>93,914</u>	<u>261,526</u>	<u>12,019,433</u>	<u>11,655</u>	<u>146</u>	<u>70,391</u>	<u>13,504,142</u>
Deferred Inflows of Resources								
Unavailable Revenue - Other	<u>1,837,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,520</u>	<u>-</u>	<u>-</u>	<u>1,849,728</u>
Fund Balances								
Restricted								
Social Services	-	-	-	-	564,078	-	-	564,078
Protection to Persons and Property	170,172	-	1,235,983	-	-	-	-	1,406,155
Roads	-	2,126,393	-	-	-	-	230,159	2,356,552
Opioid Remediation	486,232	-	-	-	-	-	-	486,232
Committed								
Social Services	-	-	-	-	-	-	1,112,048	1,112,048
General Health and Sanitation	-	-	-	-	-	-	1,045,632	1,045,632
Bus Service	-	-	-	-	-	4,086,996	-	4,086,996
Transportation	-	-	-	-	-	11,601,184	-	11,601,184
Unassigned	<u>23,269,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,269,823</u>
Total Fund Balances	<u>23,926,227</u>	<u>2,126,393</u>	<u>1,235,983</u>	<u>-</u>	<u>564,078</u>	<u>15,688,180</u>	<u>2,387,839</u>	<u>45,928,700</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,810,512</u>	<u>\$ 2,220,307</u>	<u>\$ 1,497,509</u>	<u>\$ 12,019,433</u>	<u>\$ 588,253</u>	<u>\$ 15,688,326</u>	<u>\$ 2,458,230</u>	<u>\$ 61,282,570</u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - Governmental Funds	\$	45,928,700
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of Capital Assets	\$ 117,583,029		
Accumulated Depreciation	<u>65,224,290</u>		
			52,358,739

Deferred loss on refunding, net is not a financial resource and therefore is not reported as an asset in governmental funds.		327,585
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		1,849,728
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred Outflows of Resources Related to Pension	4,418,918		
Deferred Outflows of Resources Related to OPEB	3,296,303		
Deferred Inflows of Resources Related to Pension	(2,660,179)		
Deferred Inflows of Resources Related to OPEB	<u>(3,893,931)</u>		
			1,161,111

Long-term liabilities, including compensated absences payable, bonds payable, net pension liability, and net OPEB liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Compensated Absences Payable	631,452		
Premiums on Bonds, Net	103,280		
Bonds Principal Payments, Due within One Year	1,785,000		
Bonds Principal Payments, Due in More than One Year	9,135,000		
Net Pension Liability	32,939,913		
Net OPEB Liability	<u>9,056,867</u>		
			<u>(53,651,512)</u>

Total Net Position - Governmental Activities	\$	<u>47,974,351</u>
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See accompanying notes.

CAMPBELL COUNTY FISCAL COURT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2023

	Major Funds							
	General Fund	Road Fund	Jail Fund	Federal Grants Fund	Housing Choice Voucher Program	TANK Payroll Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 18,732,835	\$ -	\$ -	\$ -	\$ -	\$ 11,758,807	\$ 1,959,520	\$ 32,451,162
In Lieu Tax Payments	100,759	-	-	-	-	-	-	100,759
Excess Fees	2,278,909	-	-	-	-	-	-	2,278,909
Licenses and Permits	519,730	1,400	-	-	-	-	-	521,130
Intergovernmental	831,443	1,422,535	2,708,915	4,234,251	4,418,414	-	75,421	13,690,979
Charges for Services	463,890	-	283,170	-	519,632	-	10,382	1,277,074
Miscellaneous	2,923,046	156,255	1,016,784	-	41,969	-	30,954	4,169,008
Interest	248	-	-	-	5,606	(65)	-	5,789
Total Revenues	<u>25,850,860</u>	<u>1,580,190</u>	<u>4,008,869</u>	<u>4,234,251</u>	<u>4,985,621</u>	<u>11,758,742</u>	<u>2,076,277</u>	<u>54,494,810</u>
Expenditures								
General Government	6,327,929	-	-	-	-	-	-	6,327,929
Protection to Persons and Property	4,346,532	-	6,309,129	-	-	-	-	10,655,661
General Health and Sanitation	711,536	-	44,340	333,793	-	-	1,154,091	2,243,760
Social Services	60,169	-	143,495	45,015	4,839,675	-	437,773	5,526,127
Recreation and Culture	678,341	-	-	592,013	-	-	-	1,270,354
Roads	-	1,966,482	-	-	-	-	-	1,966,482
Bus Services	-	-	-	-	-	4,470,952	-	4,470,952
Capital Projects	991,046	2,935,911	-	1,943,638	-	-	17,109	5,887,704
Administration	4,467,468	708,409	1,962,224	1,319,792	115,263	13,555	58,843	8,645,554
Debt Service	814,095	78,629	1,247,077	-	-	-	-	2,139,801
Total Expenditures	<u>18,397,116</u>	<u>5,689,431</u>	<u>9,706,265</u>	<u>4,234,251</u>	<u>4,954,938</u>	<u>4,484,507</u>	<u>1,667,816</u>	<u>49,134,324</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,453,744</u>	<u>(4,109,241)</u>	<u>(5,697,396)</u>	<u>-</u>	<u>30,683</u>	<u>7,274,235</u>	<u>408,461</u>	<u>5,360,486</u>
Other Financing (Uses) Sources								
Transfers to Other Funds	(6,000,000)	-	-	-	-	(5,000,000)	-	(11,000,000)
Transfers from Other Funds	-	5,000,000	6,000,000	-	-	-	-	11,000,000
Total Other Financing (Uses) Sources	<u>(6,000,000)</u>	<u>5,000,000</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>(5,000,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,453,744	890,759	302,604	-	30,683	2,274,235	408,461	5,360,486
Fund Balances July 1, 2022	<u>22,472,483</u>	<u>1,235,634</u>	<u>933,379</u>	<u>-</u>	<u>533,395</u>	<u>13,413,945</u>	<u>1,979,378</u>	<u>40,568,214</u>
Fund Balances June 30, 2023	<u>\$ 23,926,227</u>	<u>\$ 2,126,393</u>	<u>\$ 1,235,983</u>	<u>\$ -</u>	<u>\$ 564,078</u>	<u>\$ 15,688,180</u>	<u>\$ 2,387,839</u>	<u>\$ 45,928,700</u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

Total Net Change in Fund Balances - Governmental Funds	\$	5,360,486
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceed depreciation expense in the period.

Depreciation Expense	\$	(3,554,638)	
Capital Outlays		8,393,339	
			4,838,701

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		1,839,226
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Compensated absences are recognized as an expenditures in the governmental funds when they are paid. In the statement of activities, compensated absences are recognized as an expense when incurred.		(135,663)
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Repayment of bond principal is an expenditure in the governmental funds but it reduces long-term liabilities in the statement of net position, and does not affect the statement of activities.		1,835,000
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Governmental funds report County pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

County Pension Contributions - June 30, 2022	(2,626,398)	
County Pension Contributions - June 30, 2023	3,098,907	
Cost of Benefits Earned Net of Employee Contributions	454,490	
		926,999

Governmental funds report County other postemployment benefit contributions as expenditures. However, other postemployment benefit expense is reported in the statement of activities. This is the amount by which other postemployment benefit expense exceeded contributions.

County Other Postemployment Benefit Contributions - June 30, 2022	(746,154)	
County Other Postemployment Benefit Contributions - June 30, 2023	463,263	
Change in Other Postemployment Benefit Liability	(392,972)	
		(675,863)

Amortization of premiums/discounts and deferred loss on refundings on bonds payable are reported in the statement of activities. However, they do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

		(63,844)
Total Change in Net Position - Governmental Activities	\$	13,925,042

See accompanying notes.

CAMPBELL COUNTY FISCAL COURT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	A.J. Jolly Golf Course Fund	Nonmajor Proprietary Funds	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and Cash Equivalents	\$ 648,385	\$ 2,185,656	\$ 2,834,041
Accounts Receivable	-	49,638	49,638
Total Current Assets	648,385	2,235,294	2,883,679
Noncurrent Assets			
Right to Use Asset, Net	178,095	-	178,095
Capital Assets			
Land	-	497,462	497,462
Land Improvements	45,200	683,675	728,875
Buildings	115,797	140,704	256,501
Clubhouse Furniture and Fixtures	106,097	-	106,097
Golf Equipment	707,763	-	707,763
Other Equipment	185,992	230,050	416,042
Vehicles	43,251	121,370	164,621
	1,204,100	1,673,261	2,877,361
Less Accumulated Depreciation	1,014,049	1,029,811	2,043,860
Total Capital Assets	190,051	643,450	833,501
Total Noncurrent Assets	368,146	643,450	1,011,596
Total Assets	1,016,531	2,878,744	3,895,275
Deferred Outflows of Resources			
Deferred Outflows Related to Pension	75,344	21,807	97,151
Deferred Outflows Related to OPEB	56,203	16,268	72,471
Total Deferred Outflows of Resources	131,547	38,075	169,622
Total Assets and Deferred Outflows of Resources	1,148,078	2,916,819	4,064,897
Liabilities and Deferred Inflows of Resources			
Current Liabilities			
Compensated Absences Payable	1,241	-	1,241
Lease Liability	64,075	-	64,075
Accounts Payable	79,461	12,990	92,451
Accrued Interest	529	-	529
Accrued Payroll	28,123	4,512	32,635
Total Current Liabilities	173,429	17,502	190,931
Long-Term Liabilities (Net of Current Portion)			
Compensated Absences Payable	22,782	-	22,782
Lease Liability	117,647	-	117,647
Net Pension Liability	561,635	162,562	724,197
Net OPEB Liability	154,422	44,697	199,119
Total Noncurrent Liabilities	856,486	207,259	1,063,745
Total Liabilities	1,029,915	224,761	1,254,676
Deferred Inflows of Resources			
Deferred Inflows Related to Pension	45,357	13,128	58,485
Deferred Inflows Related to OPEB	66,393	19,217	85,610
Total Deferred Inflows of Resources	111,750	32,345	144,095
Total Liabilities and Deferred Inflows of Resources	1,141,665	257,106	1,398,771
Net Position			
Net Investment in Capital Assets	186,424	643,450	829,874
Unrestricted	(180,011)	2,016,263	1,836,252
Total Net Position	<u>\$ 6,413</u>	<u>\$ 2,659,713</u>	<u>\$ 2,666,126</u>

See accompanying notes.

CAMPBELL COUNTY FISCAL COURT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2023

	A.J. Jolly Golf Course Fund	Nonmajor Proprietary Funds	Total
Operating Revenues			
Greens Fees	\$ 664,991	\$ -	\$ 664,991
Rentals - Power Carts	441,283	-	441,283
Pro Shop Sales	105,537	-	105,537
Concession Sales	239,740	-	239,740
Commissary Sales	-	725,089	725,089
Miscellaneous	124,376	-	124,376
	<u>1,575,927</u>	<u>725,089</u>	<u>2,301,016</u>
Total Operating Revenues			
	<u>1,575,927</u>	<u>725,089</u>	<u>2,301,016</u>
Operating Expenses			
Golf Course Operations	1,466,836	-	1,466,836
Protection to Persons and Property	-	478,993	478,993
General Health and Sanitation	-	44,340	44,340
Administration	-	31,375	31,375
	<u>1,466,836</u>	<u>554,708</u>	<u>2,021,544</u>
Total Operating Expenses			
	<u>1,466,836</u>	<u>554,708</u>	<u>2,021,544</u>
Change in Net Position	109,091	170,381	279,472
Net Position July 1, 2022	<u>(102,678)</u>	<u>2,489,332</u>	<u>2,386,654</u>
Net Position June 30, 2023	<u>\$ 6,413</u>	<u>\$ 2,659,713</u>	<u>\$ 2,666,126</u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2023**

	A.J. Jolly Golf Course Fund	Nonmajor Proprietary Funds	Totals
Cash Flows From Operating Activities			
Receipts from Greens Fees	\$ 664,991	\$ -	\$ 664,991
Receipts from Power Cart Rentals	441,283	-	441,283
Receipts from Pro Shop Sales	105,537	-	105,537
Receipts from Concession Sales	239,740	-	239,740
Receipts from Miscellaneous Income	124,376	-	124,376
Receipts from Commissary Sales	-	723,457	723,457
Payments to Suppliers	(676,079)	(498,062)	(1,174,141)
Payments to Employees	(621,061)	(125,940)	(747,001)
	<u>278,787</u>	<u>99,455</u>	<u>378,242</u>
Net Cash Provided by Operating Activities			
Cash Flows From Capital and Related Financing Activities			
Principal Paid on Lease Liabilities	(61,581)	-	(61,581)
Interest Paid on Lease Liabilities	(7,817)	-	(7,817)
	<u>(69,398)</u>	<u>-</u>	<u>(69,398)</u>
Net Cash Used by Capital and Related Financing Activities			
	<u>(69,398)</u>	<u>-</u>	<u>(69,398)</u>
Net Change in Cash	209,389	99,455	308,844
Cash and Cash Equivalents July 1, 2022	<u>438,996</u>	<u>2,086,201</u>	<u>2,525,197</u>
Cash and Cash Equivalents June 30, 2023	<u>\$ 648,385</u>	<u>\$ 2,185,656</u>	<u>\$ 2,834,041</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	\$ 109,091	\$ 170,381	\$ 279,472
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	34,129	49,559	83,688
Amortization	64,761	-	64,761
Interest Expense	7,817	-	7,817
Pension Expense	(8,767)	(99,661)	(108,428)
Other Postemployment Benefit Expense	13,491	(23,254)	(9,763)
Change in Assets and Liabilities			
Accounts Receivable	-	(1,632)	(1,632)
Accounts Payable	53,447	4,964	58,411
Accrued Interest	(479)	-	(479)
Accrued Payroll	4,157	(902)	3,255
Compensated Absences Payable	1,140	-	1,140
	<u>278,787</u>	<u>99,455</u>	<u>378,242</u>
Net Cash Provided by Operating Activities	<u>\$ 278,787</u>	<u>\$ 99,455</u>	<u>\$ 378,242</u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>Total Custodial Funds</u>
Assets	
Cash and Cash Equivalents	\$ 72,691
Liabilities	
Accounts Payable	<u>42,535</u>
Net Position	
Restricted for	
Employee Flexible Spending Accounts	23,679
Jail Inmate Accounts	<u>6,477</u>
Total Net Position	\$ <u>30,156</u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2023**

	Total Custodial Funds
Additions	
Employee Contributions	\$ 18,485
Property Taxes Collected for Cities	12,688,627
Deposits from Inmates	719,671
Interest Income	65
	<hr/>
Total Additions	13,426,848
	<hr/>
Deductions	
Benefit Payments	16,001
Property Tax Collection Fees	253,772
Property Taxes Collected for Cities	12,434,920
Inmate Payments	728,501
	<hr/>
Total Deductions	13,433,194
	<hr/>
Net Decrease in Net Position	(6,346)
	<hr/>
Net Position July 1, 2022	36,502
	<hr/>
Net Position June 30, 2023	\$ <u><u>30,156</u></u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of the Campbell County Fiscal Court (the County) include the funds, agencies, boards, component unit, and entities for which the fiscal court is financially accountable. The blended component unit, although a legally separate entity is, in substance, part of the County's operations.

Blended Component Unit

The following legally separate organization provides its services exclusively to the primary government, and the County is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the County's primary government using the blended method.

A.J. Jolly Park: The activities of A.J. Jolly Park (the park), an agency of the County, are accounted for as an enterprise fund. This method was adopted to account for the park's operations in a manner similar to private business enterprises. On July 1, 2014, all of the park's current assets, liabilities, revenues and expenditures were assumed by the A.J. Jolly Golf Course fund, a proprietary fund of the County, for management. Some of the park's fixed assets are still being held by the component unit until resolution of the legality of the transfer of its restricted assets. This component unit is blended within the financial statements of the County.

Campbell County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Campbell 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 statements of the County.

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

Basis of Accounting, Measurement Focus, and Presentation

Government Wide Statements

The government wide financial statements (i.e., the statement of net position and the statement of activities) display information about all of the non-fiduciary activities of the primary government and its component units. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The government wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government wide statements and the statements for governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County, and for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows. For example, property tax revenue is recognized in the year of levy, and all other revenue is recognized when services have been rendered. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include taxes and unrestricted state funds.

Fund Financial Statements

The fund financial statements are designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. The County's fund types, a definition of each, and County funds included within each fund type are listed below.

All governmental funds are accounted for on the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due.

The primary revenue sources, which have been treated as susceptible to accrual by the County, are tax-payer-assessed tax revenues (such as property taxes and franchise taxes) and certain grant revenues.

Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Other revenues which may be accrued include other taxes, intergovernmental revenues, interest, and charges for services.

Again, grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the County may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net positions may be available to finance program expenses. It is the County's policy to first apply restricted resources to such programs, followed by unrestricted resources if necessary.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

General Fund

This is the primary operating fund of the County. 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 revenue for this fund are state payments for truck license distribution, county and municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the general fund.

Jail Fund

The primary purpose of this fund is to account for operations of the Campbell County Detention Center. The primary sources of revenue 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 expenditures separately from the general fund.

Federal Grants Fund

The primary purpose of this fund is to account for activity related to funding from the Federal government whether it be directly from the Federal government or from pass-through entities.

Housing Choice Voucher Program

The Campbell County Housing Choice Voucher Program is operated by the County. It is engaged in providing rental assistance to persons of low income and who, for the most part, are residents of Campbell County, Kentucky. Funds to operate this program are obtained principally from the U.S. Department of Housing and Urban Development (HUD).

(TANK) Payroll Tax Fund

The purpose of this fund is to account for occupational tax collections, which were originally approved by the voters as Section 12 of Ordinance R-34-78 and amended with Ordinance O-26-99. All money derived under the provisions of this Ordinance is placed to the credit of:

- A. To appropriate and pay over to the Transit Authority of Northern Kentucky capital and operating funds as provided in KRS Chapter 96A.
- B. The general revenue fund of the County of Campbell shall be used and expended in defraying the current general expenses of the County.
- C. For traffic improvement and mass transportation related projects as authorized by the County.

Nonmajor Funds

The primary government also has the following non-major funds: Mental Health Fund, Senior Citizens Fund, and the Developers Escrow Fund.

Special Revenue Funds

The Road Fund, Jail Fund, Housing Choice Voucher Program Fund, (TANK) Payroll Tax Fund, Federal Grants Fund, Mental Health Fund, Senior Citizens Fund, and the Developers Escrow Fund are presented as special revenue funds. Special revenue funds are used to account for the proceeds of specific revenue sources and expenditures that are restricted or committed for specific purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) and deferred outflows of resources and deferred inflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the County's enterprise funds are charges to customers for sales in the Jail Commissary Fund and greens fees revenue in the A.J. Jolly Golf Course Fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets.

The primary government reports the following major proprietary fund:

A.J. Jolly Golf Course Fund

This fund accounts for the revenues and expenses of operating A.J. Jolly Golf Course.

Nonmajor Funds

The primary government also has the following non-major funds: Jail Commissary Fund and A.J. Jolly Park.

The Fiduciary funds are used to account for the resources held by the County in a custodial capacity or as an agent for individuals, private organizations, or other governments. Fiduciary fund financial statements include a Statement of Fiduciary Net Position. All fiduciary funds of the County are custodial funds.

The government reports the following fiduciary funds:

Occupational Tax Fund

This fund is used to collect and remit the occupational taxes including payroll and net profit taxes collected on behalf of the County and certain cities within the County.

Flexible Spending Account

This fund is used as a pass through of any Cafeteria 125 plan dollars for tax exempt purposes from employees' payroll checks.

Jail Inmate Fund

This fund accounts for assets held by the County in a purely custodial nature.

As a general rule, the effect of inter-fund activity has been eliminated from the government wide financial statements.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on November 1st and are due and payable declining discounts through December 31st. Taxes are delinquent as of January 1st following the assessment. After April 15th of each year and following proper procedures, a court order may be issued to seize and sell the property.

Legal Compliance - Budget

The County budget is adopted on a cash basis of accounting, 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 expenditures to the fiscal court by May 1st of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the County by July 1st.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The schedule of revenues, expenditures and changes in fund balances budget and actual present a comparison of budgetary data in actual results. These funds utilize the same basis of accounting for both budgetary purposes and actual results. The reconciliation of the actual results to the fund statements are on pages 56 - 62.

Cash

Cash includes amounts in bank accounts and cash on hand. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the County to invest in the following, including but not limited to, 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).

Accounts Receivables

In the government wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the government activities include payroll taxes.

In the governmental fund financial statements, material receivables include revenue accruals, such as occupational taxes, grants, and other similar revenues since they are usually both measurable and available. Non-exchange transactions, collectable but not available, are deferred in the governmental fund financial statements in accordance with the basis of accounting. Interest and investment earnings are recorded when earned only if paid within 60 days of the year end, since they would be considered both measurable and available.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The County also recognizes deferred outflows of resources related to pensions and other postemployment benefits.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is therefore deferred until that time. The County recognizes deferred inflows of resources related to pensions and other postemployment benefits. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current period. Revenue that is earned but not available is reported as a deferred inflow of resource until such time as the revenue becomes available.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government wide statement of net position and in the respective funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets, which include land, construction in progress, land improvements, buildings, building improvements, equipment, vehicles, 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 in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. The County maintains a capitalization threshold of \$20,000.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and construction in progress are not depreciated. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

Description	Estimated Useful Lives
Land Improvements	10 – 20 Years
Buildings	25 – 40 Years
Other Equipment	5 – 10 Years
Vehicles and Equipment	5 – 10 Years
Infrastructure	20 – 40 Years

Compensated Absences

County employees earn vacation in proportion to years of service. Vacation time accrues on a per pay period basis. Vacation time may accumulate from year to year up to a maximum of thirty days. Once the maximum is reached, employees must use or forfeit the time. Employees that give proper notice receive pay for unused vacation time that has not expired.

Short-term sick leave accrues on a per pay period basis at the rate of five days per year and may accumulate up to a maximum of twelve days. Employees do not get paid for their unused sick time upon termination.

County police and the road department have separate negotiated contracts, Fraternal Order of Police ((FOP) and American Federation of State, County, and Municipal Employees (AFSCME), respectively that covers provisions for sick leave. These employees earn 40 hours of sick leave per year. The entire 40 hours is given to them in January. If they are still employed by the County on December 31, they receive pay for their unused sick time the following January. If they are not employed on December 31, they do not get paid for their unused sick time.

The remaining County employees also receive 40 hours of sick leave in January; however, they do not get paid for their unused sick time.

Compensated absences are accrued when incurred in the government wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Leases

The County recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceed \$20,000 that meet the definition of another than short-term lease. The County uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the County's incremental borrowing rate at the start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes, and financing obligations are reported.

In the fund financial statements, governmental fund types recognize 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 expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Equity

In the governmental fund financial statements, the difference between the assets and liabilities and deferred inflows of governmental funds is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

Non-spendable fund balances are those that cannot be spent on future obligations and must be maintained intact legally or contractually.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Spendable include the following:

- Restricted-amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed-amounts constrained for a specific purpose by the County using its highest level of decision-making authority.
- Assigned-for all governmental funds, other than general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, amounts constrained by intent to be used for a specified purpose by the County or the delegated county committee or official given authority to assign amounts.
- Unassigned-for the general fund, amounts not classified as non-spendable, restricted, committed, or assigned. For all other governmental funds, amounts expended in excess of resources that are non-spendable, restricted, committed or assigned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For resources considered committed, the County issues an ordinance or resolution that can only be changed with another corresponding ordinance or resolution.

For resources considered assigned, the county has designated the County Judge/Executive to carry out the intent of the fiscal court.

It is the policy of the County to spend restricted resources first, when both restricted and unrestricted resources are available to spend on the activity. Once restricted resources are exhausted, then committed, assigned, and unassigned resources will be spent in that order on the activity.

Encumbrances, although not reported on the balance sheet, are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the County incurs no liability until performance has occurred on the part of the party with whom the County has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances can also include invoices for goods or services received at June 30, but not yet paid and not included as an accounts payable. Significant encumbrances at year end are reported by major funds and non-major funds in the aggregate and included with the commitments and contingencies note disclosure, if applicable.

"Committed to Bus Service" refers to the portion of the TANK payroll tax fund balance which the County has agreed to provide to TANK for transit services in Campbell County in the upcoming fiscal year.

Interfund Transactions

The County has the following type of interfund transactions:

Interfund Transfers - Transfers presented in the fund financial statements represent the flow of assets (such as goods or cash) without equivalent flow of assets in return or requirement of repayment. The composition of the interfund transfers is presented in Note 13. Note that at the entity-wide level, the majority of interfund transfers have been eliminated. Interfund transfers between governmental activities and business-type activities have not been eliminated.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

New Accounting Pronouncement*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, was issued to improve financial reporting by addressing issues related to public-private and public-public parentship arrangements (PPPs) and provides accounting and financial reporting guidance for availability payment arrangements (APAs). The requirements of GASB Statement No. 94 are effective for fiscal years beginning after June 15, 2022. The County determined the adoption of this statement has no material impact on its financial statements.

Subscription-Based Information Technology Arrangements

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of GASB Statement No. 96 are effective for fiscal years beginning after June 15, 2022. The City determined the adoption of this statement has no material impact on its financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The County has evaluated subsequent events through December 12, 2024, which is the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS

The County 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, 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 with the jail inmate account, as the Campbell County Detention Center 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 County 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. On June 30, 2023, the County's deposits were either covered by the FDIC or collateralized with eligible securities.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at June 30, 2023:

	Governmental Activities	Business-Type Activities	Total
Taxes – Current	\$ 3,755,223	\$ -	\$ 3,755,223
Excess Fees	215,746	-	215,746
Charges for Service	273,151	-	273,151
Intergovernmental	2,551,198	-	2,551,198
Commissary Sales	-	49,638	49,638
Miscellaneous	37,820	-	37,820
	<u>\$ 6,833,138</u>	<u>\$ 49,638</u>	<u>\$ 6,882,776</u>

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023 was as follows:

Governmental Activities	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 4,231,925	\$ -	\$ -	\$ 4,231,925
Total Capital Assets Not Being Depreciated	4,231,925	-	-	4,231,925
Depreciable Capital Assets				
Land Improvements	1,446,631	-	-	1,446,631
Buildings	42,366,216	1,375,385	-	43,741,601
Other Equipment	7,479,125	3,585,333	-	11,064,458
Vehicles and Equipment	6,162,356	770,672	81,251	6,851,777
Infrastructure	47,584,688	2,661,949	-	50,246,637
Total Depreciable Capital Assets	105,039,016	8,393,339	81,251	113,351,104
Total Capital Assets at Historical Cost	109,270,941	8,393,339	81,251	117,583,029
Less Accumulated Depreciation				
Land Improvements	855,684	71,213	-	926,897
Buildings	16,630,265	1,027,258	-	17,657,523
Other Equipment	4,889,968	417,518	-	5,307,486
Vehicles and Equipment	4,271,254	564,317	81,251	4,754,320
Infrastructure	35,103,732	1,474,332	-	36,578,064
Total Accumulated Depreciation	61,750,903	3,554,638	81,251	65,224,290
Depreciable Capital Assets, Net	43,288,113	4,838,701	-	48,126,814
Governmental Activities Capital Assets - Net	\$ 47,520,038	\$ 4,838,701	\$ -	\$ 52,358,739

NOTE 4 - CAPITAL ASSETS (Continued)

Business-Type Activities	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 497,462	\$ -	\$ -	\$ 497,462
Total Capital Assets Not Being Depreciated	497,462	-	-	497,462
Depreciable Capital Assets				
Land Improvements	728,875	-	-	728,875
Buildings	256,501	-	-	256,501
Vehicles	164,621	-	-	164,621
Golf Equipment	707,763	-	-	707,763
Clubhouse Furniture and Fixtures	106,097	-	-	106,097
Other Equipment	416,042	-	-	416,042
Totals at Historical Cost	2,379,899	-	-	2,379,899
Total Capital Assets at Historical Cost	2,877,361	-	-	2,877,361
Less Accumulated Depreciation				
Land Improvements	717,566	4,520	-	722,086
Buildings	163,863	7,720	-	171,583
Vehicles	53,964	16,461	-	70,425
Golf Equipment	707,763	-	-	707,763
Clubhouse Furniture and Fixtures	106,097	-	-	106,097
Other Equipment	210,919	54,987	-	265,906
Total Accumulated Depreciation	1,960,172	83,688	-	2,043,860
Depreciable Capital Assets, Net	419,727	(83,688)	-	336,039
Business - Type Activities Capital Assets - Net	\$ 917,189	\$ (83,688)	\$ -	\$ 833,501

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the primary government as follows:

	Year Ended June 30, 2023
<u>Governmental Activities</u>	
General Government	\$ 565,407
Protection to Persons and Property	1,011,961
General Health and Sanitation	29,197
Social Services	53,615
Recreation and Culture	202,121
Roads, Including Depreciation of General Infrastructure Assets	1,692,337
Total Depreciation Expense – Governmental Activities	<u>\$ 3,554,638</u>
<u>Business-Type Activities</u>	
Jail Commissary	\$ 49,559
A.J. Jolly Golf Course	34,129
A.J. Jolly Park	-
Total Depreciation Expense – Business-Type Activities	<u>\$ 83,688</u>

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable consists of the following at June 30, 2023:

	Governmental Activities	Business-Type Activities	Total
General Government	\$ 130,959	\$ -	\$ 130,959
Protection to Persons and Property	114,210	12,990	127,200
General Health and Sanitation	48,123	-	48,123
Social Services	38,260	-	38,260
Recreation and Culture	10,802	-	10,802
Roads	36,929	-	36,929
Administration	356,234	-	356,234
Capital Improvements	494,290	-	494,290
Golf Course Operations	-	79,461	79,461
	<u>\$ 1,229,807</u>	<u>\$ 92,451</u>	<u>\$ 1,322,258</u>

NOTE 6 - LONG TERM DEBT

General Obligation Refunding Bonds, Series 2012

The County issued, as of February 24, 2012, \$1,645,000 General Obligation Refunding Bond, Series 2012, to refund Campbell County, Kentucky General Project Refunding Bond, Series 2001 and First Mortgage Refunding and Improvement Revenue Bonds, Series 1997. The bonds matured in varying amounts from \$5,000 to \$200,000 from June 1, 2012 through 2023. Interest was payable semi-annually on June 1 and December 1 at a rate of 2.00%. These bonds were paid off in the current fiscal year.

General Obligation Public Projects Bond, Series 2014A

On July 29, 2014, the County issued \$2,500,000 General Obligation Public Projects Bonds, Series 2014A. These bonds mature in varying amounts from \$105,000 to \$325,000 on December 1 of each year through 2033. Proceeds of the bonds were principally used for construction of the Campbell County Detention Facility. Interest is payable semi-annually on December 1 and June 1 at rates ranging from 2.0% to 3.5% and principal payments are due annually on December 1 of each year. Bonds outstanding on June 30, 2023, were \$1,545,000.

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The debt service requirements for future fiscal years are as follows:

<u>Years Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2024	\$ 120,000	\$ 46,925
2025	125,000	43,250
2026	125,000	39,500
2027	130,000	35,675
2028	135,000	31,700
2029-2033	745,000	91,950
2034	165,000	2,888
Total	<u>\$ 1,545,000</u>	<u>\$ 291,888</u>

General Obligation Refunding Bonds, Series 2014B

On July 29, 2014, the County issued \$7,165,000 in General Obligation Public Projects Bonds, Series 2014B, with an average interest rate of 2.41%, to advance refund \$6,735,000 of the fiscal court's General Obligation Public Project Bonds, Series 2006 with an average interest rate of 4.27%.

The bonds mature in varying amounts from \$80,000 to \$840,000 on December 1 of each year through 2025. Interest is payable semi-annually on December 1 and June 1 at rates ranging from 2.0% to 3.0% and principal payments are due annually on December 1 of each year. Bonds outstanding on June 30, 2023, were \$2,460,000.

NOTE 6 - LONG-TERM DEBT (Continued)

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds

The debt service requirements for future fiscal years are as follows:

<u>Years Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2024	\$ 800,000	\$ 57,750
2025	820,000	36,475
2026	840,000	12,600
Total	<u>\$ 2,460,000</u>	<u>\$ 106,825</u>

General Obligation Bonds, Series 2015

On November 4, 2015, the County issued \$5,165,000 General Obligation Bonds, Series 2015. The proceeds of \$5,203,508 were net of a premium of \$93,048 and \$54,540 in issuance costs. These bonds mature in varying amounts from \$210,000 to \$330,000 on November 1 of each year through 2035. Proceeds of the bonds were principally used for construction of the Campbell County Detention Facility. Interest is payable semi-annually on May 1 and November 1 at rates ranging from 2.0% to 3.5% and principal payments are due annually on November 1 of each year. Bonds outstanding on June 30, 2023, were \$3,620,000.

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The debt service requirements for future fiscal years are as follows:

<u>Years Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2024	\$ 240,000	\$ 96,700
2025	245,000	91,850
2026	250,000	86,588
2027	255,000	80,906
2028	260,000	74,789
2029-2033	1,410,000	262,856
2034-2036	960,000	49,125
Total	<u>\$ 3,620,000</u>	<u>\$ 742,814</u>

NOTE 6 - LONG-TERM DEBT (Continued)

General Obligation Refunding Bonds, Series 2016

On January 20, 2016, the County issued \$6,365,000 in General Obligation Refunding Bonds, Series 2016, with an average interest rate of 2.08%, to advance refund \$5,990,000 of the County's General Obligation Bonds, Series 2008 with an average interest rate of 4.13%.

These bonds mature in varying amounts from \$65,000 to \$695,000 on January 1 of each year through 2028. Interest is payable semi-annually on January 1 and July 1 at rates ranging from 2.0% to 2.25% and principal payments are due annually on January 1 of each year. Bonds outstanding on June 30, 2023, were \$3,295,000.

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequences. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The debt service requirements for future fiscal years are as follows:

<u>Years Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2024	\$ 625,000	\$ 69,325
2025	640,000	56,825
2026	660,000	44,025
2027	675,000	30,825
2028	695,000	15,638
Total	<u>\$ 3,295,000</u>	<u>\$ 216,638</u>

Direct Borrowings and Direct Placements

The County does not have an outstanding balance from direct borrowings and direct placements related to governmental activities. The County has not pledged assets as collateral for any debt.

Aggregate Debt Schedules

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

<u>Years Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2024	\$ 1,785,000	\$ 270,700
2025	1,830,000	228,400
2026	1,875,000	182,713
2027	1,060,000	147,406
2028	1,090,000	122,127
2029-2033	2,155,000	354,806
2034-2036	1,125,000	52,013
Total	<u>\$ 10,920,000</u>	<u>\$ 1,358,165</u>

NOTE 6 - LONG-TERM DEBT (Continued)**Changes in Long-Term Liabilities**

The following is a summary of the County's long-term liabilities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 12,755,000	\$ -	\$ 1,835,000	\$ 10,920,000	\$ 1,785,000
Unamortized Premium	159,518	-	30,099	129,419	30,099
Unamortized Discount	(36,339)	-	(10,200)	(26,139)	(10,200)
Compensated Absences	495,789	135,663	-	631,452	-
Governmental Activities Long-Term Liabilities	13,373,968	135,663	1,854,899	11,654,732	1,804,899
Business-Type Activities					
Compensated Absences	22,883	1,140	-	24,023	1,241
Lease Liability	346,428	-	164,706	181,722	64,075
Business-Type Activities Long-Term Liabilities	369,311	1,140	164,706	205,745	65,316
Long-Term Liabilities	\$ 13,743,279	\$ 136,803	\$ 2,019,605	\$ 11,860,477	\$ 1,870,215

NOTE 7 - INTEREST ON LONG-TERM DEBT

Debt service on the statement of activities includes \$304,801 in interest on bonds.

NOTE 8 - PENSION PLAN**General Information about the Pension Plan**

Plan description: County Employees Retirement System (CERS) consists of two plans, Non-hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pension Authority (KPPA) under the provision of Kentucky Revised Statute Section 78.782 and 61.645. The plan was formerly administered by the Kentucky Retirement System (KRS). However, during the 2020 Legislative Session, House Bill 484 was passed establishing a new governance structure for the agency that operates the system. Effective April 1, 2021, KRS as an agency of the Commonwealth became known as the KPPA. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate in CERS.

Benefits provided: These systems provide for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

NOTE 8 - PENSION PLAN (Continued)

Non-hazardous Plan

Tier 1: Retirement Eligibility for Members Whose Participation Began Before 09/01/2008

Age	Years of Service	Allowance Reduction
65	1 month	None
Any	27	None
55	5	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.
Any	25	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.

Tier 2: Retirement Eligibility for Members Whose Participation Began On or After 09/01/2008 but Before 01/01/2014

Age	Years of Service	Allowance Reduction
65	5	None
57	Rule of 87	None
60	10	6.5% per year for first five years, and 4.5% for next five years before age 65 or Rule of 87 (age plus years of service).

Tier 3: Retirement Eligibility for Members Whose Participation Began On or After 01/01/2014

Age	Years of Service	Allowance Reduction
65	5	None
57	Rule of 87	None

Benefit Formula for Tiers 1 & 2

Final Compensation	X	Benefit Factor	X	Years of Service
Average of the five highest years of compensation if participation began before 09/01/2008.		2.20% if:	Member begins participating prior to 08/01/2004.	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
		2.00% if:	Member begins participating on or after 08/01/2004 and before 09/01/2008.	
Average of the last five years of compensation if participation began on or after 09/01/2008 but before 01/01/2014.		Increasing percent based on service at retirement* plus 2.00% for each year of service over 30 if:	Member begins participating on or after 08/01/2004 but before 01/01/2014.	

* **Service (and Benefit Factor): 10 years or less (1.10%); 10 - 20 years (1.30%); 20 - 26 years (1.50%); 26 - 30 years (1.75%)**

NOTE 8 - PENSION PLAN (Continued)

Hazardous Plan

Tier 1: Retirement Eligibility for Members Whose Participation Began Before 09/01/2008

Age	Years of Service	Allowance Reduction
55	1 month	None
Any	20	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 55 or 20 years of service.

Tier 2: Retirement Eligibility for Members Whose Participation Began On or After 09/01/2008 but before 01/01/2014

Age	Years of Service	Allowance Reduction
60	5	None
Any	25	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 60 or 25 years of service.

Tier 3: Retirement Eligibility for Members Whose Participation Began On or After 01/01/2014

Age	Years of Service	Allowance Reduction
60	5	None
Any	25	None

Benefit Formula for Tiers 1 & 2

Final Compensation	X	Benefit Factor	X	Years of Service
Average of the three highest years of compensation if participation began before 09/01/2008.		2.50% if:	Member begins participating before 09/01/2008.	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
Average of the three highest complete years of compensation if participation began on or after 09/01/2008.		Increasing percent based on service at retirement* if:	Member begins participating on or after 09/01/2008 but before 01/01/2014.	

* **Service (and Benefit Factor): 10 years or less (1.30%); 10 - 20 years (1.50%); 20 - 25 years (2.25%); 25 + years (2.50%)**

Non-hazardous and Hazardous Plans

Benefit Formula for Tier 3

Accumulate Account Balance / Actuarial Factor = Monthly Life Annuity				
Accumulate Account Balance				
Member Contributions	Employer Contributions	Base Annual Interest	Upside Sharing Interest (FY 2021)	Actuarial Factor
5.00%	4.00%	4.00%	5.68%	Various*
8.00%	7.50%	4.00%	5.79%	Various*

*See www.kyret.gov for most recent actuarial factors.

NOTE 8 - PENSION PLAN (Continued)

For post-retirement death benefits, if the member is receiving a monthly benefit based on at least four (4) years of creditable service, the retirement system will pay a \$5,000 death benefit payment to the beneficiary named by the member specifically for this benefit.

For disability benefits, members participating before August 1, 2004 may retire on account of disability provided the member has at least 60 months of service credit and is not eligible for an unreduced benefit. Additional service credit may be added for computation of benefits under the benefit formula. Members participating on or after August 1, 2004 but before January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. Benefits are computed as the higher of 20% for non-hazardous and 25% for hazardous of Final Rate of Pay or the amount calculated under the Benefit Formula based upon actual service. Members participating on or after January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. The hypothetical account which includes member contributions, employer contributions and interest credits can be withdrawn from the system as a lump sum or an annuity equal to the larger of 20% for non-hazardous and 25% for hazardous of the member's monthly final rate of pay or the annuitized account into a single life annuity option. Members disabled as a result of a single duty-related injury or act of violence related to their job may be eligible for special benefits.

For pre-retirement death benefits, the beneficiary of a deceased active member will be eligible for a monthly benefit if the member was: (1) eligible for retirement at the time of death or, (2) under the age of 55 with at least 60 months of service credit and currently working for a participating agency at the time of death or (3) no longer working for a participating agency but at the time of death had at least 144 months of service credit. If the beneficiary of a deceased active member is not eligible for a monthly benefit, the beneficiary will receive a lump sum payment of the member's contributions and any accumulated interest.

The Kentucky General Assembly has the authority to increase, suspend, or reduce Cost of Living Adjustments (COLAs). Senate Bill 2 of 2013 eliminated all future COLAs unless the State Legislature so authorizes on a biennial basis and either (1) the system is over 100.00% funded or (2) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.

House Bill (HB) 297 passed during the 2022 legislative session and included language allowing the Systems to provide health insurance coverage through the Kentucky Employees Health Plan (KEHP) for retired reemployed retirees who are Medicare-eligible and affected by the Medicare Secondary Payer Act (MSPA). HB 1 exempts pay raises for public defenders and their staff from pension spiking provisions, while HB 49 adds two pension spiking exemptions on a broader scope: 1. The first one hundred (100) hours of mandated overtime required by an employer during a fiscal year, and 2. Any overtime performed by a local government which the Governor authorizes mobilization of the Kentucky National Guard. HB 76 creates an exception for members "bound by an educational contract prior to December 31, 2003" with the Department of Transportation, to use the start date of the contract to establish the membership date and to purchase service credit after August 1, 2004, allowing the service purchase(s) to apply toward retirement eligibility and health insurance vesting. SB 27 allows part-time adjunct instructors for the Kentucky Fire Commission, meeting specific conditions, to retire from CERS without terminating employment as part-time instructors. Lastly, SB 209 increases the non-Medicare eligible subsidy for \$5 for each year worked beyond the defined career threshold for members eligible for the fixed-dollar retiree health subsidy. The annual increase will only occur if the most recent actuarial valuation determines the funding level of the retiree health benefits is at least 90% and will remain at that level for the year. Additionally, the bill allows members eligible for the fixed-dollar health subsidy to be reimbursed for health insurance premiums other than those administered by KPPA.

Contributions: The employee contribution rate is set by state statute. Plan members who began participating prior to September 1, 2008 are required to contribute 5.00% (non-hazardous) or 8.00% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30th on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

NOTE 8 - PENSION PLAN (Continued)

Tier 2 plan members, who began participating on or after September 1, 2008, and before January 1, 2014 are required to contribute 6.00% (non-hazardous) or 9.00% (hazardous) of their annual creditable compensation. Further, 1.00% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC section 401(h) in the Insurance Fund. These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30th on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1.00% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members who began participating on or after January 1, 2014, are 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 contribute 5.00% (non-hazardous) or 8.00% (hazardous) of their monthly creditable compensation which is deposited into their account, and an additional 1.00% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund, which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4.00% (non-hazardous) or 7.50% (hazardous) of the members monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the member's contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates the employee and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Interest is paid into the Tier 3 member's account. The account currently earns 4.00% interest credit on the member's accumulated account balance as of June 30th of the previous year. The member's account may be credited with additional interest if the fund's five-year Geometric Average Net Investment Return (GANIR) exceeded 4.00%. If the member was actively employed and participating in the fiscal year, and if KPPA's GANIR for the previous five years exceeds 4.00%, then the member's account will be credited with 75.00% of the amount of returns over 4.00% on the account balance as of June 30th of the previous year (Upside Sharing Interest). It is possible that one fund in KPPA may get an Upside Sharing Interest, while another may not.

Local government participating employers are required to contribute an actuarially determined rate for CERS pension contributions, per the Kentucky Revised Statute Section 78.545(33). The CERS Board of Trustees establishes the employer contribution rate based on Kentucky Revised Statute section 78.454(33) each following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky. House Bill 362 passed during the 2018 legislative session, which caps CERS employer contribute rate increases up to 12.00% per year over the prior fiscal year for a period of July 1, 2018 to June 30, 2028.

For the fiscal year ended June 30, 2023, participating employers contributed 26.79% (23.40% pension fund and 3.39% insurance fund) for the non-hazardous system and 49.59% (42.81% pension fund and 6.78% insurance fund) for the hazardous system of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal years were a percentage of each employee's creditable compensation. Contributions to the pension fund from the County were \$3,098,907 for the year ended June 30, 2023.

NOTE 8 - PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the County reported a liability of \$33,664,110 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2023, the County's proportion for the non-hazardous system was 0.311753% and for the hazardous system was 0.364660%. This was a decrease of 0.033738% and 0.015483%, respectively.

For the year ended June 30, 2023, the County recognized pension expense of \$2,246,312. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 834,771	\$ -
Difference Between Expected and Actual Experience	343,138	200,699
Changes of Assumptions	-	-
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	239,253	2,517,965
Contributions After Measurement Date	3,098,907	-
Total	<u>\$ 4,516,069</u>	<u>\$ 2,718,664</u>

\$3,098,907 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	
2024	\$ (1,195,109)
2025	(700,639)
2026	(293,218)
2027	887,464
Total	<u>\$ (1,301,502)</u>

NOTE 8 - PENSION PLAN (Continued)

Actuarial assumptions: The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	30 Years, Closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, Varies by Service for Non-hazardous; 3.55% to 19.05%, Varies by Service for Hazardous
Investment Rate of Return	6.25% Net of Pension Plan Investment Expense, Including Inflation

There have been no actuarial assumption or method changes since June 30, 2021.

The mortality table used for active members was a PUB-2010 General Mortality table with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, project with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term (10-year) expected return on plan assets was determined by using a building-block method in which best estimated ranges of expected future real returns were developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Nominal Return
Growth:		
US Equity	21.75 %	5.70 %
Non-US Equity	21.75	6.35
Private Equity	10.00	9.70
Specialty Credit/High Yield	15.00	2.80
Liquidity:		
Core Bonds	10.00	-
Cash	1.50	(0.60)
Diversifying Strategies:		
Real Estate	10.00	5.40
Real Return	10.00	4.55
Total	100.00 %	

NOTE 8 - PENSION PLAN (Continued)

Discount rate: The single discount rate used to measure the total pension liability was 6.25%. The single discount rate was based on the expected rate of return on pension plan investments for the system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan member. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the system.

The projections of cash flows used to determine the single discount rate includes an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in CERS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 Legislative Session. The assumed future employer contributions for CERS reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12.00% over the prior fiscal year through June 30, 2028.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate: The following presents the County's proportionate share of the net pension liability using the discount rate of 6.25%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

		1% Decrease	Current Discount Rate	1% Increase
Non-hazardous	\$	28,168,037	\$ 22,536,666	\$ 17,879,056
Hazardous		13,861,053	11,127,444	8,901,089
Total	\$	<u>42,029,090</u>	<u>\$ 33,664,110</u>	<u>\$ 26,780,145</u>

Changes of assumptions: There were no changes in actuarial assumptions for the June 30, 2021 valuation date.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority Annual Comprehensive Financial Report on the KPPA website at www.kyret.ky.gov.

NOTE 9 - OPEB PLAN

General Information About the OPEB Plan

Plan description: County Employees Retirement System consists of two plans, Non-hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pension Authority (KPPA) under the provisions of Kentucky Revised Statute Section 78.782 and 61.645. The plan was formerly administered by the Kentucky Retirement System (KRS). However, during the 2020 Legislative Session, House Bill 484 was passed establishing a new governance structure for the agency that operates the system. Effective April 1, 2021, KRS as an agency of the Commonwealth became known as the KPPA. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate in CERS.

NOTE 9 - OPEB PLAN (Continued)

Benefits provided: The KRS' Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5% based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of KRS 61.692. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

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

Portion Paid by Insurance Fund	
Years of Service	Paid by Insurance Fund (%)
20 + Years	100.00%
15 - 19 Years	75.00%
10 - 14 Years	50.00%
4 - 9 Years	25.00%
Less Than 4 Years	0.00%

Contributions: The employee contribution rate is set by state statute. Plan members who began participating prior to September 1, 2008 are required to contribute 5.00% (non-hazardous) or 8.00% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30th on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on or after September 1, 2008, and before January 1, 2014 are required to contribute 6.00% (non-hazardous) or 9.00% (hazardous) of their annual creditable compensation. Further, 1.00% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC section 401(h) in the Insurance Fund. These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30th on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1.00% contribution to the 401(h) account is non-refundable and is forfeited.

NOTE 9 - OPEB PLAN (Continued)

Tier 3 plan members who began participating on or after January 1, 2014, are 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 contribute 5.00% (non-hazardous) or 8.00% (hazardous) of their monthly creditable compensation which is deposited into their account, and an additional 1.00% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund, which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4.00% (non-hazardous) or 7.50% (hazardous) of the members monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the member's contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates the employee and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Interest is paid into the Tier 3 member's account. The account currently earns 4.00% interest credit on the member's accumulated account balance as of June 30th of the previous year. The member's account may be credited with additional interest if the fund's five-year Geometric Average Net Investment Return (GANIR) exceeded 4.00%. If the member was actively employed and participating in the fiscal year, and if KPPA's GANIR for the previous five years exceeds 4.00%, then the member's account will be credited with 75.00% of the amount of returns over 4.00% on the account balance as of June 30th of the previous year (Upside Sharing Interest). It is possible that one fund in KPPA may get an Upside Sharing Interest, while another may not.

Local government participating employers are required to contribute an actuarially determined rate for CERS pension contributions, per the Kentucky Revised Statute Section 78.545(33). The CERS Board of Trustees establishes the employer contribution rate based on Kentucky Revised Statute section 78.454(33) each following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky. House Bill 362 passed during the 2018 legislative session, which caps CERS employer contribute rate increases up to 12.00% per year over the prior fiscal year for a period of July 1, 2018 to June 30, 2028.

For the fiscal year ended June 30, 2023, participating employers contributed 26.79% (23.40% pension fund and 3.39% insurance fund) for the non-hazardous system and 49.59% (42.81% pension fund and 6.78% insurance fund) for the hazardous system of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal years was a percentage of each employee's creditable compensation. Contributions to the insurance fund from the County were \$463,263 for the year ended June 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the County reported a liability of \$9,255,986 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. The County's proportion of the net OPEB liability was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At June 30, 2023, the County's proportion for the non-hazardous system was 0.311699% and for the hazardous system was 0.345410%. This was a decrease of 0.033711% and 0.015665%, respectively.

NOTE 9 - OPEB PLAN (Continued)

For the year ended June 30, 2023, the County recognized OPEB expense of \$950,016. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 362,985	\$ -
Difference Between Expected and Actual Experience	687,789	1,594,534
Changes of Assumptions	1,491,135	1,335,840
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	363,602	1,049,167
Contributions After Measurement Date	<u>463,263</u>	<u>-</u>
Total	<u>\$ 3,368,774</u>	<u>\$ 3,979,541</u>

\$463,263 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	
<u> </u>	
2024	\$ (115,153)
2025	(136,285)
2026	(670,262)
2027	(37,792)
2028	<u>(114,538)</u>
Total	<u>\$ (1,074,030)</u>

NOTE 9 - OPEB PLAN (Continued)

Actuarial assumptions: The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay Amortization Method
Amortization Period	30 Years, Closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, Varies by Service for Non-hazardous; 3.55% to 19.05%, Varies by Service for Hazardous
Investment Rate of Return	6.25%
Healthcare Cost Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Cost Trend Rates (Post-65)	Initial trend starting at 2.90% at January 1, 2022 and Increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality Table, for the non-hazardous systems, and the PUB-2020 Public Safety Mortality table for the hazardous systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable on January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB Liability as of June 30, 2022 was determined using these updated provisions. There were no other material plan provision changes.

NOTE 9 - OPEB PLAN (Continued)

The long-term expected return on plan assets was determined by using a building-block method in which best-estimate ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Nominal Return
Growth:		
US Equity	21.75 %	5.70 %
Non-US Equity	21.75	6.35
Private Equity	10.00	9.70
Specialty Credit/High Yield	15.00	2.80
Liquidity:		
Core Bonds	10.00	-
Cash	1.50	(0.60)
Diversifying Strategies:		
Real Estate	10.00	5.40
Real Return	10.00	4.55
Total	100.00 %	

Discount rate: The single discount rate used to measure the total OPEB liability was 5.70% for nonhazardous and 5.61% for hazardous. The single discount rate was based on the expected rate of return on the OPEB plan investments of 6.25% and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the plan's insurance fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on Insurance Plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is understood that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

NOTE 9 - OPEB PLAN (Continued)

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate: The following present's the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70% for non-hazardous and 4.61% for hazardous) or 1-percentage-point higher (6.70% for non-hazardous and 6.61% for hazardous) than the current rate:

		1% Decrease	Current Discount Rate	1% Increase
Non-hazardous	\$	8,223,470	\$ 6,151,422	\$ 4,438,529
Hazardous		4,313,698	3,104,564	2,122,520
Total	\$	12,537,168	\$ 9,255,986	\$ 6,561,049

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following present's the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Non-hazardous	\$	4,573,446	\$ 6,151,422	\$ 8,046,274
Hazardous		2,167,877	3,104,564	4,246,333
Total	\$	6,741,323	\$ 9,255,986	\$ 12,292,607

Changes of assumptions: There were no changes in actuarial assumptions for the June 30, 2021 valuation date.

Pension plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority Annual Comprehensive Financial Report on the KPPA website at www.kyret.ky.gov.

NOTE 10 - DEFERRED COMPENSATION

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

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

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

NOTE 11 - LEASE LIABILITY

The County entered into a lease for golf carts and equipment for the golf course. These assets are recognized as right-to-use leased assets with a corresponding lease liability. The liability has been discounted at 3.49%, the stated interest rate on the lease contracts.

The total amount of lease assets and the related accumulated amortization are as follows:

	Business-Type Activities
Leased Asset	
Vehicle	\$ 141,968
Equipment	116,628
	<u>258,596</u>
Accumulated Amortization	
Vehicle	44,364
Equipment	36,137
	<u>80,501</u>
Right to Use Asset, Net	<u><u>\$ 178,095</u></u>

The following schedule details minimum lease payments to maturity for the City's leases payable at June 30, 2023:

Years Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 64,075	\$ 5,324	\$ 69,399
2025	66,347	3,051	69,398
2026	51,300	749	52,049
Total	<u><u>\$ 181,722</u></u>	<u><u>\$ 9,124</u></u>	<u><u>\$ 190,846</u></u>

NOTE 12 - INSURANCE

For the fiscal year ended June 30, 2023, the Campbell 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 13 - INTERFUND TRANSFERS

The following is a list of inter-fund transactions as of June 30, 2023:

	Total	General Fund	Road Fund	Jail Fund	TANK Payroll Tax Fund
	\$ -	\$ (6,000,000) ¹	\$ -	\$ 6,000,000 ¹	\$ -
	-	-	5,000,000 ¹	-	(5,000,000) ¹
Total Transfer To To Other Funds	\$ (11,000,000)	\$ (6,000,000)	\$ -	\$ -	\$ (5,000,000)
Total Transfer From Other Funds	\$ 11,000,000	\$ -	\$ 5,000,000	\$ 6,000,000	\$ -

¹ Purpose of all transfers is to move funds from either the general fund or the payroll tax fund to cover operating expenditures primarily for the jail and road funds.

NOTE 14 - JOINT VENTURES

A legal entity or other organization that results from 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 these criteria, the following is considered a joint venture of the County: Campbell County Consolidated Dispatch Board. This joint venture is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on the fiscal court in the future.

NOTE 15 - CONCENTRATION OF BUSINESS RISK

Housing Choice Voucher Program

The operations of the Housing Choice Voucher Program (the Program) are concentrated in the low-income rental market. In addition, the Program operates in a heavily regulated environment. The operation of the Program is subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with very little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. The majority of revenue is received from annual contributions from HUD. For the year ended June 30, 2023, contributions from HUD made up 99.0% of the total revenues received.

NOTE 16 - ESTIMATED INFRASTRUCTURE HISTORICAL COST

Historical cost of infrastructure placed in service prior to the fiscal year ended June 30, 2003 (the year of GASB 34 implementation) is an estimate. For those assets, the primary government estimated the year the infrastructure was built by determining when a major reconstruction was performed on infrastructure. This estimate was used to calculate the infrastructure historical cost by determining current year construction cost and deflating it back to the estimated year of construction or reconstruction. Estimated infrastructure historical cost includes infrastructure placed in service from fiscal year 1984 through June 30, 2002. All infrastructure assets placed in service during the year ended June 30, 2003 and thereafter are recorded at actual historical cost.

NOTE 17 - CONDUIT DEBT

From time to time the County has issued bonds, notes, etc. to provide financial assistance to various entities 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 Campbell County Fiscal Court's name as issuer, the County 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 County 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 and is currently outstanding in the amount of \$14,161,287.

NOTE 18 - TAX ABATEMENTS

Pursuant to GASB Statement No. 77, Tax Abatement Disclosures, the Campbell County Fiscal Court is required to disclose certain information about tax abatements as defined in the statement. GASB No. 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the County or its citizens. As of June 30, 2023, the Campbell County Fiscal Court provides tax abatements through several programs –Tax Increment Financing (“TIF”), Kentucky Business Investment Program (“KBI”), Jobs Development Program (“JDP”), and Property Assessment/Reassessment Moratorium (“PARM”).

- TIF enables the Campbell County Fiscal Court to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. TIF also allows for the abatement of up to 100% of incremental property taxes and occupational license taxes or fees for periods of up to 20 or 30 years depending on the type of development area. A TIF may be granted but may not be activated until sometime later in its grant period. Some agreements require the Campbell County Fiscal Court to make infrastructure change and/or make a best effort to facilitate the project's progress. There are currently 6 TIFs active. Payments are made by appropriation rather than a tax liability reduction. Authority for the program is contained in KRS 65.7041 et seq. and KRS 154.30.
- KBI provides a wage incentive of up to 1% of the gross wages of each employee for qualified businesses in Campbell County. An eligible company must be engaged in one of the following activities: manufacturing, agribusiness, regional or national headquarters operations, or certain nonretail service or technology activities. The minimum requirements for an eligible project are created a minimum of 10 new, full-time jobs for Kentucky residents, incur at least \$100,000 in eligible costs, and meet a minimum level of wages and benefits. The tax incentives involved with the program are available for up to 10 years. The authority for this program is established in KRS 154.32.
- JDP provides up to a 40% reduction in employee withholding fees payable to the county by the approved company for a term not to exceed ten years. This program facilitates the creation of new jobs, new sources of revenue for the support of public services, and improvement in the quality of life for county citizens through the creation of sustainable jobs with higher salaries. Inducements for eligible companies encourage the location or expansion of manufacturing facilities, agribusiness operations, and nonretail professional, scientific, or technical service facilities. The minimum requirements for an eligible project are: create a minimum new fiscal year payroll of \$250,000 that is subject to the county employee withholding fee within the first year after approval of an application by the county for the inducement. The authority for this program is established in Ordinance O-08-11 passed on June 1, 2011.

NOTE 18 - TAX ABATEMENTS (Continued)

- Property Assessment/Reassessment Moratorium program allows the waiver of the local incremental tax value of real property tax for added improvements from the assessment of a structure for five years.

The Campbell County Fiscal Court has reported abatements amounts for all known program participants during the year. A summary of the taxes forgone on the County's abatement programs for the year ended June 30, 2023 are as follows:

Program	Taxes Abated	Amount Abated
Tax Increment Financing	Payroll Taxes and Occupational Taxes	\$ 104,022
Kentucky Business Investment Program and Jobs Development Program	Payroll Taxes on New Jobs	89,197
	Total	<u>\$ 193,219</u>

NOTE 19 - CONTINGENT LIABILITIES

The County is, from time to time, a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the County.

REQUIRED SUPPLEMENTARY INFORMATION

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 18,188,200	\$ 18,188,200	\$ 19,260,748	\$ 1,072,548
In Lieu Tax Payments	68,000	68,000	100,759	32,759
Excess Fees	1,874,848	1,874,848	2,282,140	407,292
Licenses and Permits	455,000	455,000	523,490	68,490
Intergovernmental	1,586,213	1,586,213	832,978	(753,235)
Charges for Services	392,450	392,450	467,905	75,455
Miscellaneous	1,427,731	1,427,731	2,783,023	1,355,292
Interest	-	-	248	248
Total Revenues	<u>23,992,442</u>	<u>23,992,442</u>	<u>26,251,291</u>	<u>2,258,849</u>
Expenditures				
General Government	6,157,595	6,754,594	6,233,364	521,230
Protection to Persons and Property	4,566,014	4,944,144	4,241,515	702,629
General Health and Sanitation	815,060	799,960	707,616	92,344
Social Services	59,064	62,064	59,670	2,394
Recreation and Culture	702,732	730,482	681,824	48,658
Capital Projects	1,415,994	1,311,944	966,367	345,577
Administration	5,574,601	5,124,802	4,424,966	699,836
Debt Service	814,096	814,096	814,095	1
Total Expenditures	<u>20,105,156</u>	<u>20,542,086</u>	<u>18,129,417</u>	<u>2,412,669</u>
Excess of Revenues Over Expenditures	<u>3,887,286</u>	<u>3,450,356</u>	<u>8,121,874</u>	<u>4,671,518</u>
Other Financing Sources (Uses)				
Operating Transfers In	2,400,000	2,400,000	301,000	(2,099,000)
Operating Transfers Out	<u>(9,545,000)</u>	<u>(9,545,000)</u>	<u>(6,301,000)</u>	<u>3,244,000</u>
Total Other Financing Sources (Uses)	<u>(7,145,000)</u>	<u>(7,145,000)</u>	<u>(6,000,000)</u>	<u>1,145,000</u>
Net Change in Fund Balances	<u>(3,257,714)</u>	<u>(3,694,644)</u>	<u>2,121,874</u>	<u>5,816,518</u>
Fund Balance July 1, 2022	<u>3,257,714</u>	<u>3,694,644</u>	<u>21,518,010</u>	<u>17,823,366</u>
Fund Balance June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,639,884</u>	<u>\$ 23,639,884</u>

**CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - ROAD FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Licenses and Permits	\$ -	\$ -	\$ 1,400	\$ 1,400
Intergovernmental	1,796,208	1,796,208	1,544,413	(251,795)
Miscellaneous	6,972	6,972	22,070	15,098
Total Revenues	1,803,180	1,803,180	1,567,883	(235,297)
Expenditures				
Roads	2,640,310	2,634,310	1,954,333	679,977
Capital Projects	5,151,873	5,157,873	2,936,639	2,221,234
Administration	814,123	814,123	707,157	106,966
Debt Service	78,629	78,629	78,629	-
Total Expenditures	8,684,935	8,684,935	5,676,758	3,008,177
Deficit of Revenues Over Expenditures	(6,881,755)	(6,881,755)	(4,108,875)	2,772,880
Other Financing Sources				
Operating Transfers In	6,880,000	6,800,000	5,000,000	(1,800,000)
Net Change in Fund Balances	(1,755)	(81,755)	891,125	972,880
Fund Balance July 1, 2022	1,755	81,755	971,218	889,463
Fund Balance June 30, 2023	\$ -	\$ -	\$ 1,862,343	\$ 1,862,343

**CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - JAIL FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 3,578,000	\$ 3,578,000	\$ 3,275,746	\$ (302,254)
Charges for Services	297,000	297,000	266,722	(30,278)
Miscellaneous	657,106	657,106	520,565	(136,541)
Total Revenues	4,532,106	4,532,106	4,063,033	(469,073)
Expenditures				
Protection to Persons and Property	9,260,029	9,260,029	6,421,143	2,838,886
General Health and Sanitation	44,234	44,234	44,233	1
Social Services	274,742	274,742	148,786	125,956
Administration	2,854,906	2,854,906	1,969,404	885,502
Debt Service	1,247,077	1,247,077	1,247,077	-
Total Expenditures	13,680,988	13,680,988	9,830,643	3,850,345
Deficit of Revenues Over Expenditures	(9,148,882)	(9,148,882)	(5,767,610)	3,381,272
Other Financing Sources				
Operating Transfers In	9,145,000	9,145,000	6,000,000	(3,145,000)
Net Change in Fund Balances	(3,882)	(3,882)	232,390	236,272
Fund Balance July 1, 2022	3,882	3,882	965,181	961,299
Fund Balance June 30, 2023	\$ -	\$ -	\$ 1,197,571	\$ 1,197,571

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FEDERAL GRANTS FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 42,000	\$ 42,000	\$ 95,015	\$ 53,015
Expenditures				
General Health and Sanitation	-	6,495	6,493	2
Social Services	42,000	45,196	45,015	181
Recreation and Culture	-	400,000	326,925	73,075
Capital Projects	6,416,403	6,495,533	2,514,642	3,980,891
Administration	3,299,800	3,299,800	1,319,792	1,980,008
Total Expenditures	9,758,203	10,247,024	4,212,867	6,034,157
Net Change in Fund Balances	(9,716,203)	(10,205,024)	(4,117,852)	(5,981,142)
Fund Balance July 1, 2022	9,716,203	10,205,024	16,137,285	5,932,261
Fund Balance June 30, 2023	\$ -	\$ -	\$ 12,019,433	\$ (48,881)

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - HOUSING CHOICE VOUCHER PROGRAM
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget (Unfavorable) Favorable
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 4,227,109	\$ 4,227,109	\$ 4,418,414	\$ 191,305
Charges for Services	518,128	518,128	519,632	1,504
Miscellaneous	10,000	10,000	41,969	31,969
Interest	-	-	5,606	5,606
Total Revenues	<u>4,755,237</u>	<u>4,755,237</u>	<u>4,985,621</u>	<u>230,384</u>
Expenditures				
Social Services	4,560,243	4,858,243	4,841,648	16,595
Administration	<u>120,530</u>	<u>120,530</u>	<u>115,948</u>	<u>4,582</u>
Total Expenditures	<u>4,680,773</u>	<u>4,978,773</u>	<u>4,957,596</u>	<u>21,177</u>
Net Change in Fund Balances	74,464	(223,536)	28,025	251,561
Fund Balance July 1, 2022	<u>(74,464)</u>	<u>223,536</u>	<u>547,708</u>	<u>324,172</u>
Fund Balance June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,733</u>	<u>\$ 575,733</u>

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TANK PAYROLL TAX FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 10,285,200	\$ 10,285,200	\$ 11,685,401	\$ 1,400,201
Intergovernmental	245,000	245,000	271,541	26,541
Interest	-	-	(65)	(65)
Total Revenues	<u>10,530,200</u>	<u>10,530,200</u>	<u>11,956,877</u>	<u>1,426,677</u>
Expenditures				
General Government	265,500	298,500	279,031	19,469
Bus Services	4,150,434	4,191,921	4,191,921	-
Administration	<u>15,000</u>	<u>15,000</u>	<u>13,708</u>	<u>1,292</u>
Total Expenditures	<u>4,430,934</u>	<u>4,505,421</u>	<u>4,484,660</u>	<u>20,761</u>
Excess of Revenues Over Expenditures	6,099,266	6,024,779	7,472,217	1,447,438
Other Financing Sources				
Operating Transfers Out	<u>(8,880,000)</u>	<u>(8,880,000)</u>	<u>(5,000,000)</u>	<u>3,880,000</u>
Net Change in Fund Balances	(2,780,734)	(2,855,221)	2,472,217	5,327,438
Fund Balance July 1, 2022	<u>2,780,734</u>	<u>2,855,221</u>	<u>10,359,497</u>	<u>10,359,497</u>
Fund Balance June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,831,714</u>	<u>\$ 15,686,935</u>

CAMPBELL COUNTY FISCAL COURT
NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

The County budget is adopted on a cash basis of accounting according to the laws of Kentucky. The Fund statements are presented on a modified accrual basis of accounting, as required by generally accepted accounting principles. The following schedule reconciles the actual results of the two statements:

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Federal Grants Fund</u>	<u>Housing Choice Voucher Program</u>	<u>TANK Payroll Tax Fund</u>
Revenues						
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 26,251,291	\$ 1,567,883	\$ 4,063,033	\$ 95,015	\$ 4,985,621	\$ 11,956,877
Accounts Receivable June 30, 2022	(1,381,623)	(345,657)	(365,385)	-	10,502	(3,054,747)
Accounts Receivable June 30, 2023	2,822,014	357,964	299,938	-	12,520	2,856,612
Accounts Payable June 30, 2022	181	-	-	-	-	-
Accounts Payable June 30, 2023	(3,795)	-	-	-	-	-
Unearned Revenues - June 30, 2022	-	-	-	15,689,058	-	-
Unearned Revenues - June 30, 2023	-	-	-	(11,549,822)	-	-
Unavailable Revenue - Other June 30, 2022	-	-	-	-	(10,502)	-
Unavailable Revenue - Other June 30, 2023	(1,837,208)	-	-	-	(12,520)	-
Reclass of Home Incarceration Program Costs	-	-	11,283	-	-	-
Schedule of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 25,850,860</u>	<u>\$ 1,580,190</u>	<u>\$ 4,008,869</u>	<u>\$ 4,234,251</u>	<u>\$ 4,985,621</u>	<u>\$ 11,758,742</u>
Expenses						
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 18,129,417	\$ 5,676,758	\$ 9,830,643	\$ 4,212,867	\$ 4,957,596	\$ 4,484,660
Accounts Payable June 30, 2022	(116,140)	(33,349)	(219,315)	(448,227)	(1,435)	(299)
Accounts Payable June 30, 2023	204,053	37,128	100,981	469,611	599	146
Accrued Payroll June 30, 2022	(310,829)	(47,892)	(177,872)	-	(12,878)	-
Accrued Payroll June 30, 2023	490,615	56,786	160,545	-	11,056	-
Reclass of Home Incarceration Program Costs	-	-	11,283	-	-	-
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	<u>\$ 18,397,116</u>	<u>\$ 5,689,431</u>	<u>\$ 9,706,265</u>	<u>\$ 4,234,251</u>	<u>\$ 4,954,938</u>	<u>\$ 4,484,507</u>
Other Financing (Uses) Sources						
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ (6,000,000)	\$ 5,000,000	\$ 6,000,000	\$ -	\$ -	\$ (5,000,000)
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	<u>\$ (6,000,000)</u>	<u>\$ 5,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,000,000)</u>
Ending Balance						
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 23,639,884	\$ 1,862,343	\$ 1,197,571	\$ 12,019,433	\$ 575,733	\$ 12,831,714
Accounts Receivable	2,822,014	357,964	299,938	-	12,520	2,856,612
Accounts Payable	(207,848)	(37,128)	(100,981)	(469,611)	(599)	(146)
Accrued Payroll	(490,615)	(56,786)	(160,545)	-	(11,056)	-
Unearned Revenues	-	-	-	(11,549,822)	-	-
Unavailable Revenue	(1,837,208)	-	-	-	(12,520)	-
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	<u>\$ 23,926,227</u>	<u>\$ 2,126,393</u>	<u>\$ 1,235,983</u>	<u>\$ -</u>	<u>\$ 564,078</u>	<u>\$ 15,688,180</u>

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2023

County Employees Retirement System
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Net Pension Liability - Non-Hazardous	0.311753%	0.345491%	0.374199%	0.335061%	0.325408%	0.331522%	0.324548%	0.302733%	0.298371%
County's Proportion of the Net Pension Liability - Hazardous	0.364660%	0.380143%	0.381594%	0.366201%	0.362796%	0.368516%	0.353492%	0.318705%	0.340586%
County's Proportionate Share of the Net Pension Liability									
Non-Hazardous	\$ 22,536,666	22,027,761	\$ 28,700,753	\$ 23,564,989	\$ 19,818,339	\$ 19,405,002	\$ 15,979,482	\$ 13,016,075	\$ 9,680,000
Hazardous	<u>11,127,444</u>	<u>10,120,013</u>	<u>11,505,167</u>	<u>10,115,554</u>	<u>8,774,065</u>	<u>8,244,729</u>	<u>6,065,713</u>	<u>4,892,457</u>	<u>4,093,000</u>
Total County's Proportionate Share of the Net Pension Liability	<u>\$ 33,664,110</u>	<u>32,147,774</u>	<u>\$ 40,205,920</u>	<u>\$ 33,680,543</u>	<u>\$ 28,592,404</u>	<u>\$ 27,649,731</u>	<u>\$ 22,045,195</u>	<u>\$ 17,908,532</u>	<u>\$ 13,773,000</u>
County's Covered Payroll	\$ 10,983,913	11,062,864	11,787,626	\$ 10,537,238	\$ 10,086,168	\$ 10,094,699	\$ 9,158,898	\$ 8,750,553	\$ Unavailable
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	306.49%	290.59%	341.09%	319.63%	283.48%	273.90%	240.70%	204.66%	Unavailable
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Non-Hazardous	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Hazardous	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%

* Only nine years of information available. Additional years' information will be displayed as it becomes available.

Note: The County Employees Retirement System measurement date is 12 months prior to the County's financial statements. The 2023 measurement date is June 30, 2022.

**CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF COUNTY'S PENSION CONTRIBUTIONS
JUNE 30, 2023**

**County Employees Retirement System
Last 10 Fiscal Years***

Non-Hazardous	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,038,425	1,822,956	\$ 1,696,907	\$ 1,845,475	\$ 1,370,860	\$ 1,167,841	\$ 1,126,010	\$ 922,058	\$ 903,856
Contributions in Relation to the Contractually Required Contribution	<u>(2,038,425)</u>	<u>(1,822,956)</u>	<u>(1,696,907)</u>	<u>(1,845,475)</u>	<u>(1,370,860)</u>	<u>(1,167,841)</u>	<u>(1,126,010)</u>	<u>(922,058)</u>	<u>(903,856)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 8,711,217	8,611,078	\$ 8,792,263	\$ 9,562,045	\$ 8,451,665	\$ 8,065,200	\$ 8,071,756	\$ 7,423,977	\$ 7,089,067
Contributions as a Percentage of Covered Payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%
Hazardous	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,060,482	803,442	\$ 682,543	\$ 669,010	\$ 518,682	\$ 448,655	\$ 439,181	\$ 351,495	\$ 344,426
Contributions in Relation to the Contractually Required Contribution	<u>(1,060,482)</u>	<u>(803,442)</u>	<u>(682,543)</u>	<u>(669,010)</u>	<u>(518,682)</u>	<u>(448,655)</u>	<u>(439,181)</u>	<u>(351,495)</u>	<u>(344,426)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 2,477,184	2,372,835	\$ 2,270,601	\$ 2,225,581	\$ 2,085,573	\$ 2,020,968	\$ 2,022,943	\$ 1,734,921	\$ 1,661,486
Contributions as a Percentage of Covered Payroll	42.81%	33.86%	30.06%	30.06%	24.87%	22.20%	21.71%	20.26%	20.73%

* Only nine years of information available. Additional years' information will be displayed as it becomes available.

Notes:

Valuation Date	Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2020 actuarial valuation.
Actuarial Cost method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.30%
Salary Increase	3.30% to 10.30%, for non-hazardous members, varies by service 3.55% to 19.05%, for hazardous members, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Phase-in Provision	Board certified rates is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2023

County Employees Retirement System
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's Proportion of the Net OPEB Liability - Non-Hazardous	0.311699%	0.345410%	0.374105%	0.334974%	0.325395%	0.331522%
County's Proportion of the Net OPEB Liability - Hazardous	0.364477%	0.380142%	0.381473%	0.366129%	0.362817%	0.368516%
County's Proportionate Share of the Net OPEB Liability						
Non-Hazardous	\$ 6,151,422	6,612,702	\$ 9,033,497	\$ 5,634,112	\$ 5,777,324	\$ 6,664,726
Hazardous	<u>3,104,564</u>	<u>3,073,673</u>	<u>3,525,213</u>	<u>2,708,841</u>	<u>2,586,738</u>	<u>3,046,417</u>
Total County's Proportionate Share of the Net OPEB Liability	<u>\$ 9,255,986</u>	<u>9,686,375</u>	<u>\$ 12,558,710</u>	<u>\$ 8,342,953</u>	<u>\$ 8,364,062</u>	<u>\$ 9,711,143</u>
County's Covered Payroll	\$ 10,983,913	11,062,864	\$ 11,787,626	\$ 10,537,238	\$ 10,086,168	\$ 10,094,699
County's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Payroll	84.27%	87.56%	106.54%	79.18%	82.93%	96.20%
Plan Fiduciary Net OPEB as a Percentage of the Total OPEB Liability - Non-Hazardous	60.95%	62.91%	51.67%	60.44%	57.62%	62.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability - Hazardous	64.13%	66.81%	58.84%	64.44%	64.24%	58.99%

* Only six years of information available. Additional years' information will be displayed as it becomes available.

Note: The County Employees Retirement System measurement date is 12 months prior to the County's financial statements. The 2023 measurement date is June 30, 2022.

**CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF COUNTY'S OPEB CONTRIBUTIONS
JUNE 30, 2023**

**County Employees Retirement System
Last 10 Fiscal Years***

Non-Hazardous	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 295,310	497,718	\$ 418,512	\$ 455,153	\$ 444,558	\$ 379,064
Contributions in Relation to the Contractually Required Contribution	<u>(295,310)</u>	<u>(497,718)</u>	<u>(418,512)</u>	<u>(455,153)</u>	<u>(444,558)</u>	<u>(379,064)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
County's Covered Payroll	\$ 8,711,217	8,611,078	\$ 8,792,263	\$ 9,562,045	\$ 8,451,665	\$ 8,065,200
Contributions as a Percentage of Covered Payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%
Hazardous	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 167,953	248,436	\$ 216,161	\$ 211,875	\$ 218,359	\$ 188,960
Contributions in Relation to the Contractually Required Contribution	<u>(167,953)</u>	<u>(248,436)</u>	<u>(216,161)</u>	<u>(211,875)</u>	<u>(218,359)</u>	<u>(188,960)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
County's Covered Payroll	\$ 2,477,184	2,372,835	\$ 2,270,601	\$ 2,225,581	\$ 2,085,573	\$ 2,020,968
Contributions as a Percentage of Covered Payroll	6.78%	10.47%	9.52%	9.52%	10.47%	9.35%

* Only six years of information available. Additional years' information will be displayed as it becomes available.

Notes:

Valuation Date	Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2020 actuarial valuation.
Actuarial Cost method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.30%
Salary Increase	3.30% to 10.30%, for non-hazardous members, varies by service 3.55% to 19.05%, for hazardous members, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Rate Trends	
Pre-65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.

SUPPLEMENTARY INFORMATION

CAMPBELL COUNTY FISCAL COURT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Mental Health Fund	Senior Citizens Fund	Developers Escrow Fund	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 769,319	\$ 974,662	\$ -	\$ 1,743,981
Accounts Receivable				
Taxes	317,401	158,700	-	476,101
Intergovernmental	-	6,851	-	6,851
Miscellaneous	-	1,138	-	1,138
Restricted Cash	-	-	230,159	230,159
Total Assets	\$ 1,086,720	\$ 1,141,351	\$ 230,159	\$ 2,458,230
Liabilities and Fund Balances Liabilities				
Accounts Payable	\$ 41,088	\$ 23,792	\$ -	\$ 64,880
Accrued Payroll	-	5,511	-	5,511
Total Liabilities	41,088	29,303	-	70,391
Fund Balances				
Restricted				
Roads	-	-	230,159	230,159
Committed				
Social Services	-	1,112,048	-	1,112,048
General Health and Sanitation	1,045,632	-	-	1,045,632
Total Fund Balances	1,045,632	1,112,048	230,159	2,387,839
Total Liabilities and Fund Balances	\$ 1,086,720	\$ 1,141,351	\$ 230,159	\$ 2,458,230

**CAMPBELL COUNTY FISCAL COURT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2023**

	Mental Health Fund	Senior Citizens Fund	Developers Escrow Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 1,306,347	\$ 653,173	\$ -	\$ 1,959,520
Intergovernmental	-	75,421	-	75,421
Charges for Services	-	10,382	-	10,382
Miscellaneous	-	30,954	-	30,954
	<u>1,306,347</u>	<u>769,930</u>	<u>-</u>	<u>2,076,277</u>
Total Revenues	<u>1,306,347</u>	<u>769,930</u>	<u>-</u>	<u>2,076,277</u>
Expenditures				
General Health and Sanitation	1,154,091	-	-	1,154,091
Social Services	-	437,773	-	437,773
Capital Projects	-	17,109	-	17,109
Administration	-	58,843	-	58,843
	<u>1,154,091</u>	<u>513,725</u>	<u>-</u>	<u>1,667,816</u>
Total Expenditures	<u>1,154,091</u>	<u>513,725</u>	<u>-</u>	<u>1,667,816</u>
Net Change in Fund Balances	152,256	256,205	-	408,461
Fund Balances July 1, 2022	<u>893,376</u>	<u>855,843</u>	<u>230,159</u>	<u>1,979,378</u>
Fund Balances June 30, 2023	<u>\$ 1,045,632</u>	<u>\$ 1,112,048</u>	<u>\$ 230,159</u>	<u>\$ 2,387,839</u>

REQUIRED REGULATORY INFORMATION

**CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grants/ Pass-Through Grantor/ Program Title	Federal ALN Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Program</i>				
Section 8 Housing Choice Vouchers	14.871	NA	\$ -	\$ 4,955,774
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Campbell County Home Ownership Development Project	14.228	18-053	-	2,500
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Campbell County CDBG-CV Utility Assistance	14.228	20C-039	-	42,515
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			-	45,015
Total U.S. Department of Housing and Urban Development			-	5,000,789
<u>U.S. Department of Health and Human Services</u>				
<i>Passed-Through Northern Kentucky Area Development District (NKADD)</i>				
Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Citizens	93.044	Not Available	-	75,168
<u>U.S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Emergency Management</i>				
Emergency Management Performance Grants	97.042	Not Available	-	82,068
<u>U.S. Department of Justice</u>				
<i>Direct Program:</i>				
Crime Victim Assistance/Discretionary Grants	16.582	NA	-	9,908
Crime Victim Assistance/Discretionary Grants	16.582	NA	-	22,775
Total U.S. Department of Justice			-	32,683
<u>U.S. Department of Transportation</u>				
<i>Passed-Through Kentucky Transportation Cabinet (KYTC)</i>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	PT-2023-13	-	14,899
State and Community Highway Safety	20.600	PT-2022-16	-	4,647
Total U.S. Department of Transportation			-	19,546
<u>U.S. Department of Treasury</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	21RS HB556	-	48,464
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	-	4,189,236
Total U.S. Department of Treasury			-	4,237,700
Total Expenditures of Federal Awards			\$ -	\$ 9,447,954

**CAMPBELL COUNTY FISCAL COURT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended June 30, 2023. 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 the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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

The County has elected not to use the 10 percent de Minimis indirect cost rate allowed under the Uniform Guidance.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson Secretary

Finance and Administration Cabinet

The Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Campbell County Fiscal Court, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Campbell County Fiscal Court's basic financial statements, and have issued our report thereon dated December 12, 2024. Our report includes a reference to another auditor who audited the financial statements of the Campbell County Fiscal Court - Housing Choice Voucher Program, as listed in our report on the Campbell County Fiscal Court's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Campbell 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Campbell County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of Campbell County Fiscal Court's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campbell County Fiscal Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

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.



Crestview Hills, Kentucky
December 12, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson Secretary
Finance and Administration Cabinet
The Honorable Steve Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Campbell County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Campbell County Fiscal Court's major federal programs for the year ended June 30, 2023. Campbell 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.

In our opinion, Campbell 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, 2023.

Basis for Opinion on Each Major Federal Program

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Campbell County Fiscal Court and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Campbell County Fiscal Court's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Campbell County Fiscal Court's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Campbell County Fiscal Court's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Auditor's Responsibilities for the Audit of Compliance (Continued)

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Campbell County Fiscal Court's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Campbell County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Campbell County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Campbell County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control over Compliance (Continued)

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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Crestview Hills, Kentucky
December 12, 2024

CAMPBELL COUNTY FISCAL COURT

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)? _____ Yes X No

Identification of Major Programs

Assistance Listing Number	Name of Federal Programs or Clusters
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reportable.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reportable.

CAMPBELL COUNTY FISCAL COURT

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

No matters are reportable.