REPORT OF THE AUDIT OF THE MASON COUNTY FISCAL COURT

For The Year Ended
June 30, 2024

ALLISON BALL
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Allison Ball
Auditor of Public Accounts

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Owen McNeill, Mason County Judge/Executive
Members of the Mason County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Mason County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Mason County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Mason County Fiscal Court, for the year ended June 30, 2024, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Mason County Fiscal Court, for the year ended June 30, 2024, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
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The Honorable Owen McNeill, Mason County Judge/Executive
Members of the Mason County Fiscal Court

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Mason County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mason County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

To the People of Kentucky
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Auditor's Responsibilities for the Audit of the Financial Statement (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mason County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Supplementary Information

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

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

Other Information

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

To the People of Kentucky
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Members of the Mason County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2026, on our consideration of the Mason County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mason County Fiscal Court's internal control over financial reporting and compliance.

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

2024-001 The Mason County Fiscal Court Did Not Have Adequate Internal Controls Over Financial Reporting
2024-002 The Treasurer Did Not Prepare An Annual Settlement
2024-003 The Mason County Fiscal Court's Actual Disbursements Exceeded Budgeted Appropriations
2024-004 Fund Transfers Were Made In Excess Of Amount Approved
2024-005 The Mason County Fiscal Court Did Not Properly Account For Debt Payments On The County's Financial Statement
2024-006 The Mason County Fiscal Court Does Not Have Adequate Procedures For Reporting County Liabilities
2024-007 The Mason County Fiscal Court Lacks Adequate Internal Controls Over The Disbursement Process
2024-008 The Mason County Jailer Does Not Deposit Funds Daily

Respectfully submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 30, 2026

MASON COUNTY OFFICIALS

For The Year Ended June 30, 2024

Fiscal Court Members:

Owen McNeill	County Judge/Executive
Joe McKay	Commissioner
Chris O'Hearn	Commissioner
Peggy Frame	Commissioner

Other Elected Officials:

John Estill	County Attorney
Lisa Kern Yeary	Jailer
Stephanie Schumacher	County Clerk
Kirk Tolle	Circuit Court Clerk
Ryan Swolsky	Sheriff
Troy Cracraft	Property Valuation Administrator
David Lawrence	Coroner

Appointed Personnel:

Kim Muse	County Treasurer
Megan Davenport	Finance Officer

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	$ 7,462,077	$	$
Excess Fees	201,576		
Licenses and Permits	44,220		
Intergovernmental	500,783	1,293,091	2,250,165
Charges for Services	20,411	16,880	57,496
Miscellaneous	568,019	13,609	280,923
Interest	79,735	258	205
Total Receipts	8,876,821	1,323,838	2,588,789
DISBURSEMENTS			
General Government	1,910,767		
Protection to Persons and Property	374,209		2,723,055
General Health and Sanitation	220,010		
Social Services			
Recreation and Culture	36,150		
Roads		1,714,674	
Airports			
Debt Service	171,310	32,046	
Capital Projects	1,932		
Administration	1,817,895	343,673	909,535
Total Disbursements	4,532,273	2,090,393	3,632,590
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	4,344,548	(766,555)	(1,043,801)
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds			
Transfers From Other Funds	3,346,556	1,055,000	1,265,000
Transfers To Other Funds	(2,954,301)	(250,000)	
Total Other Adjustments to Cash (Uses)	392,255	805,000	1,265,000
Net Change in Fund Balance	4,736,803	38,445	221,199
Fund Balance - Beginning (Restated)	683,476	25,210	115,252
Fund Balance - Ending	$ 5,420,279	$ 63,655	$ 336,451
Composition of Fund Balance			
Bank Balance	$ 2,777,155	$ 65,900	$ 358,504
Plus: Deposits In Transit	51,283		
Less: Outstanding Checks	(146,664)	(2,245)	(22,053)
Certificates of Deposit	2,738,505		
Fund Balance - Ending	$ 5,420,279	$ 63,655	$ 336,451

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

MASON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	State Grants Fund	Federal Fund	Solid Waste Fund	Landfill Fund	Garbage Collections Fund
$	$	$	$	$ 12,321	$
			1,156		
340,691	177,541	588,953		157,577	
				2,262,132	443,167
24,617			37,421	351,177	
222			14	16,232	82
365,530	177,541	588,953	38,591	2,799,439	443,249
36,897	160,726				
73,519		11,970			
67,379	16,815		254,938	6,439,460	425,246
46,017		568,301			
250,237		11,307			
1,036					
20,000					
				466,902	61,724
				93,211	
72,595			104,389	621,384	105,329
567,680	177,541	591,578	359,327	7,620,957	592,299
(202,150)		(2,625)	(320,736)	(4,821,518)	(149,050)
				4,456,800	
85,000		74,301	320,000		155,000
(8,349)		(51,283)			
76,651		23,018	320,000	4,456,800	155,000
(125,499)		20,393	(736)	(364,718)	5,950
128,927	16,293	198,978	15,121	4,998,097	48,128
$ 3,428	$ 16,293	$ 219,371	$ 14,385	$ 4,633,379	$ 54,078
$ 5,574	$ 16,293	$ 307,600	$ 14,696	$ 2,992,346	$ 55,039
262					
(2,408)		(88,229)	(311)	(19,896)	(961)
				1,660,929	
$ 3,428	$ 16,293	$ 219,371	$ 14,385	$ 4,633,379	$ 54,078

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

MASON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

	Unbudgeted Funds		
	ARPA Fund	Clerk Storage Fee Fund	Opioid Fund
RECEIPTS			
Taxes	$	$	$
Excess Fees			
Licenses and Permits			
Intergovernmental			
Charges for Services			
Miscellaneous		24,990	83,650
Interest	2,238	38	102
Total Receipts	2,238	25,028	83,752
DISBURSEMENTS			
General Government			
Protection to Persons and Property			
General Health and Sanitation			
Social Services			
Recreation and Culture			
Roads			
Airports			
Debt Service			
Capital Projects			
Administration			
Total Disbursements			
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	2,238	25,028	83,752
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds			
Transfers From Other Funds			
Transfers To Other Funds	(3,045,273)		
Total Other Adjustments to Cash (Uses)	(3,045,273)		
Net Change in Fund Balance	(3,043,035)	25,028	83,752
Fund Balance - Beginning (Restated)	3,043,035	24,898	80,477
Fund Balance - Ending	$ 0	$ 49,926	$ 164,229
Composition of Fund Balance			
Bank Balance	$	$ 49,926	$ 164,229
Plus: Deposits In Transit			
Less: Outstanding Checks			
Certificates of Deposit			
Fund Balance - Ending	$ 0	$ 49,926	$ 164,229

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

MASON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

Unbudgeted Funds		
Public Properties Corporation Fund	Jail Commissary Fund	Total Funds
$	$	$ 7,474,398
		201,576
		45,376
421,429		5,730,230
		2,800,086
1,128	431,065	1,816,599
219	501	99,846
422,776	431,566	18,168,111
		2,108,390
		3,182,753
		7,423,848
		614,318
	500,963	798,657
		1,715,710
		20,000
429,778		1,161,760
		95,143
		3,974,800
429,778	500,963	21,095,379
(7,002)	(69,397)	(2,927,268)
		4,456,800
8,349		6,309,206
		(6,309,206)
8,349		4,456,800
1,347	(69,397)	1,529,532
33,929	460,001	9,871,822
$ 35,276	$ 390,604	$ 11,401,354
$ 35,276	$ 500,799	$ 7,343,337
		51,545
	(110,195)	(392,962)
		4,399,434
$ 35,276	$ 390,604	$ 11,401,354

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

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

MASON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

State Grants Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund are grants from the state.

Federal Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund is federal grants.

Solid Waste Fund - The primary purpose of this fund is to account for activities related to solid waste management at the recycling center. The recycling center sells recyclable materials such as cardboard and aluminum to various vendors.

Landfill Fund - The primary purpose of this fund is to account for the activities of the Mason County-Maysville Landfill.

Garbage Collections Fund - The primary purpose of this fund is to account for the activities of the Mason County Garbage Collections service.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

ARPA Fund - The primary purpose of this fund is to account for ARPA grants and related disbursements. The primary source of receipts for this fund is federal grants. This fund is required to be budgeted by the Department for Local Government; however, it was not budgeted by the fiscal court. There were no disbursements for the fiscal year ending June 30, 2024.

Clerk Storage Fee Fund - The primary purpose of this fund is to account for the permanent storage fees collected and track its expenses in accordance with Senate Bill 135. The primary source of receipts for this fund are storage fees collected by the county clerk. This fund is required to be budgeted by the Department for Local Government; however, it was not budgeted by the fiscal court. There were no disbursements for the fiscal year ending June 30, 2024.

Opioid Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crisis. Receipts of this fund are received from the state as a result of the state's agreement with major opioid manufacturers and distributors. This fund is required to be budgeted by the Department for Local Government; however, it was not budgeted by the fiscal court. There were no disbursements for the fiscal year ending June 30, 2024.

Public Properties Corporation Fund - This fund is used to account for the activity of the Mason County Public Properties Corporation (MCPPC). Receipts and disbursements of this fund are generally restricted for specific purposes, such as issuance of debt for construction projects. The Department for Local Government does not require the fiscal court to budget this fund.

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

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

D. Budgetary Information

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

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

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

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

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

The ARPA Fund, County Clerk Storage Fee Fund, and Opioid Fund are normally budgeted funds but since there was no expenditure activity the county did not budget them.

E. Mason County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Mason County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Mason County Fiscal Court.

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

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Related Organizations and Joint Ventures

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on this criteria, the following are considered related organizations of the Mason County Fiscal Court: Western Mason Water District and Western Lewis-Rectorville Water District.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the following are considered joint ventures of the Mason County Fiscal Court: Mason County – City of Maysville Tourism Commission, Mason County – City of Maysville Industrial Development, Mason County – City of Maysville Parks and Recreation, Mason County – City of Maysville Ambulance Service, Mason County– City of Maysville Planning and Zoning Commission, Mason County – City of Maysville E-911, and Fleming–Mason Airport.

I. Interlocal Agreement

In August 2016, Mason County and the City of Maysville (city) entered into an Interlocal Agreement in order to provide the financing for the city's sewer system for the landfill property. This would fund the development and construction of an extension of the city's sewer system for the landfill property to transport leachate from the landfill for treatment by the city. Per terms of the agreement, Mason County will provide sufficient funds to the city for payment of principal and interest to satisfy such indebtedness. Semi-annual payments will be made to the city for 40 years. As of June 30, 2024, the county's liability to the city is $1,688,000.

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2024.

	General Fund	Road Fund	Local Government Economic Assistance Fund	Federal Fund	ARPA Fund	Total Transfers In
General Fund	$	$ 250,000	$	$ 51,283	$ 3,045,273	$ 3,346,556
Road Fund	1,055,000					1,055,000
Jail Fund	1,265,000					1,265,000
LGEA Fund	85,000					85,000
Federal Fund	74,301					74,301
Solid Waste Fund	320,000					320,000
Garbage Collections Fund	155,000					155,000
Public Properties Corporation Fund			8,349			8,349
Total Transfers Out	$ 2,954,301	$ 250,000	$ 8,349	$ 51,283	$ 3,045,273	$ 6,309,206

Reason for transfers:

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial funds:

Employees' Christmas Club Account – This fund accounts for funds voluntarily withheld from the employees' wages and deposited in the bank until funds are annually paid to the employees. The balance in the Employees' Christmas Club Account as of June 30, 2024, was $24,431.

FSA/HRA Account – This fund accounts for employee and employer contributions to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing $750 each year for a single plan and $2,000 each year for a family plan to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction. The balance in the FSA/HRA account as of June 30, 2024, was $11,119.

Jail Inmate Fund - This fund balance is included in the jail commissary fund and accounts for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2024, was $36,577.

Note 5. Leases

1. Lessee – Copiers for Sheriff's Office

During fiscal year 2021, the Mason County Fiscal Court entered into a five-year lease agreement as lessee for the use of office equipment for the sheriff's office. An initial lease liability was recorded in the amount of $14,220. As of June 30, 2024, the value of the lease liability was $5,214. The Mason County Fiscal Court is required to make monthly payments of $237.

2. Lessee – Copiers for Treasurer and Judge Executive Offices

During fiscal year 2021, the Mason County Fiscal Court entered into a five-year lease agreement as lessee for the use of office equipment for the treasurer and judge executive's offices. An initial lease liability was recorded in the amount of $32,340. As of June 30, 2024, the value of the lease liability was $12,397. The Mason County Fiscal Court is required to make monthly payments of $539.

3. Lessee – Copiers for Jail

During fiscal year 2022, the Mason County Fiscal Court entered into a five-year lease agreement as lessee for the use of office equipment for the jail. An initial lease liability was recorded in the amount of $29,820. As of June 30, 2024, the value of the lease liability was $15,904. The Mason County Fiscal Court is required to make monthly payments of $497.

4. Lessee – Copiers for Animal Shelter

During fiscal year 2023, the Mason County Fiscal Court entered into a five-year lease agreement as lessee for the use of office equipment for the animal shelter. An initial lease liability was recorded in the amount of $12,300. As of June 30, 2024, the value of the lease liability was $9,020. The Mason County Fiscal Court is required to make monthly payments of $205.

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 5. Leases (Continued)

5. Lessee – Copiers for Industrial Development

During fiscal year 2023, the Mason County Fiscal Court entered into a five-year lease agreement as lessee for the use of office equipment for industrial development. An initial lease liability was recorded in the amount of $12,816. As of June 30, 2024, the value of the lease liability was $9,826. The Mason County Fiscal Court is required to make monthly payments of $214.

6. Lessee – Copiers for Landfill

During fiscal year 2023, the Mason County Fiscal Court entered into a five-year lease agreement as lessee for the use of office equipment for the landfill. An initial lease liability was recorded in the amount of $14,532. As of June 30, 2024, the value of the lease liability was $11,626. The Mason County Fiscal Court is required to make monthly payments of $242.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Elderly Housing Phase II (Kentucky Housing Corporation)

On March 1, 2006, the Mason County Fiscal Court entered into a lease agreement with Kentucky Housing Corporation (KHC) for rehabilitation of housing for the elderly. The lease was for $136,000 with an interest rate of 3.50% per year. The agreement requires annual payments of principal and interest on August 1 of each year. If an event of default occurs, KHC may, without notice, declare all indebtedness secured to be immediately due and may enforce the lien of this mortgage. In any such case, KHC may enter the premises, rent it out, and collect and apply the rent and profits first to the payment of a reasonable compensation to KHC, including attorney's fees, and next to the satisfaction of the obligation secured by this mortgage, and such compensation and fees will become a part of the obligations secured by this mortgage. The total principal balance was $71,724 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 4,896	$ 2,432
2026	5,070	2,258
2027	5,251	2,078
2028	5,437	1,891
2029	5,631	1,698
2030 - 2034	31,304	5,338
2035 - 2036	14,135	521
Totals	$ 71,724	$ 16,216

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Elderly Housing Phase II (Buffalo Trace Area Development District)

On August 15, 2006, the Mason County Public Properties Corporation entered into a note with Buffalo Trace Area Development District, for Phase II housing for the elderly. The note was for $20,000 with an interest rate of 3.00% per year. The agreement requires annual payments of principal and interest on August 15, of each year. If an event of default shall occur, the unpaid principal balance plus accrued interest may be declared due and payable by the lender without the necessity of any notice or action by the lender, and the lender shall have any and all of the remedies on an event of default provided by the law. The total principal balance was $9,299 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 717	$ 304
2026	738	283
2027	760	261
2028	783	238
2029	807	214
2030 - 2034	4,411	694
2035 - 2036	1,083	87
Totals	$ 9,299	$ 2,081

3. Ameresco Energy Project

On August 31, 2017, the Mason County Fiscal Court entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc., to purchase equipment related to a project to improve energy efficiency. The lease is for $450,000 at an interest rate of 2.613%. The agreement requires annual payments of principal and interest on August 31 of each year. To the extent permitted by law and to secure the performance of the county's obligations under this agreement, the county grants the lessor a security interest constituting a first lien on the county's interest in all of the equipment in this lease agreement. In the event of default, the lessor shall have the right to declare all lease payments to the end of the budget year to be due, the lessor may terminate the lease and enter the property and retake possession of the property, or the lessor may take any action that is permitted by applicable law to protect any of its rights under the agreement. The principal balance was $242,377 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 37,837	$ 6,333
2026	38,825	5,345
2027	39,840	4,330
2028	40,881	3,289
2029	41,949	2,221
2030	43,045	1,125
Totals	$ 242,377	$ 22,643

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. Compactor

On July 30, 2020, the Mason County Fiscal Court entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. to purchase one 826K wheel dozer/compactor. The lease is for $500,000 at an interest rate of 1.95%. The agreement requires annual payments of principal and interest on July 15 of each year. To the extent permitted by law and to secure the performance of the county's obligations under this agreement, the county grants the lessor a security interest constituting a first lien on the county's interest in all of the equipment in this lease agreement. In the event of default, the lessor shall have the right to declare all lease payments to the end of the budget year to be due, the lessor may terminate the lease and enter the property and retake possession of the property, and the lessor may take any action that is permitted by applicable law to protect any of its rights under the agreement. The principal balance was $205,811 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 101,912	$ 4,013
2026	103,899	2,026
Totals	$ 205,811	$ 6,039

5. Garbage Packer Truck

On July 21, 2020, the Mason County Fiscal Court entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. to purchase a garbage packer truck. The lease is for $143,000 at an interest rate of 1.95%. The agreement requires annual payments of principal and interest on July 30 of each year. To the extent permitted by law and to secure the performance of the county's obligations under this agreement, the county grants the lessor a security interest constituting a first lien on the county's interest in all of the equipment in this lease agreement. In the event of default, the lessor shall have the right to declare all lease payments to the end of the budget year to be due, the lessor may terminate the lease and enter the property and retake possession of the property, and the lessor may take any action that is permitted by applicable law to protect any of its rights under the agreement. The principal was $58,862 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 29,147	$ 1,148
2026	29,715	579
Totals	$ 58,862	$ 1,727

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

6. Road Loader

On August 28, 2020, the Mason County Fiscal Court entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. to purchase a road loader. The lease is for $160,291 at an interest rate of 1.95%. The agreement requires annual payments of principal and interest on August 28 of each year. To the extent permitted by law and to secure the performance of the county's obligations under this agreement, the county grants the lessor a security interest constituting a first lien on the county's interest in all of the equipment in this lease agreement. In the event of default, the lessor shall have the right to declare all lease payments to the end of the budget year to be due, the lessor may terminate the lease and enter the property and retake possession of the property, and the lessor may take any action that is permitted by applicable law to protect any of its rights under the agreement. The principal balance was $65,979 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 32,671	$ 1,287
2026	33,308	650
Totals	$ 65,979	$ 1,937

7. Election Machines

On March 1, 2021, the Mason County Fiscal Court entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. to purchase election machines. The lease is for $128,016 at an interest rate of 1.95%. The agreement requires annual payments of principal and interest on March 1 of each year. To the extent permitted by law and to secure the performance of the county's obligations under this agreement, the county grants the lessor a security interest constituting a first lien on the county's interest in all of the equipment in this lease agreement. In the event of default, the lessor shall have the right to declare all lease payments to the end of the budget year to be due, the lessor may terminate the lease and enter the property and retake possession of the property, and the lessor may take any action that is permitted by applicable law to protect any of its rights under the agreement. The principal balance was paid in full as of June 30, 2024.

8. Sheriff's Vehicles

On February 4, 2022, the Mason County Fiscal Court entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. to purchase three vehicles. The lease is for $104,727 at an interest rate of 2.00%. The agreement requires annual payments of principal and interest over a period of three years. To secure the county's obligations under this agreement, they grant the lessor first priority security interest in the unit, including all attachments. The county must protect and defend the lessor's security interest in the unit and keep the unit free and clear of any and all claims, liens, encumbrances, and legal processes however and whenever arising. Upon an event of default, the lessor will have all rights and remedies available under applicable law and declare all lease payments due or to become due during the fiscal year to be immediately due and payable by the county. The principal balance was $35,601 as of June 30, 2024. Future principal and interest requirements are:

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

8. Sheriff's Vehicles (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 35,601	$ 710
Totals	$ 35,601	$ 710

9. Grader

On November 11, 2022, the Mason County Fiscal Court entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. to purchase a grader. The lease is for $335,556 at an interest rate of 4.96%. The agreement requires annual payments of principal and interest over a period of five years. To secure the county's obligations under this agreement, they grant the lessor first priority security interest in the unit, including all attachments. The county must protect and defend the lessor's security interest in the unit and keep the unit free and clear of any and all claims, liens, encumbrances, and legal processes however and whenever arising. Upon an event of default, the lessor will have all rights and remedies available under applicable law and declare all lease payments due or to become due during the fiscal year to be immediately due and payable by the county. The principal balance was $274,780 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 63,790	$ 13,629
2026	66,954	10,465
2027	70,275	7,144
2028	73,761	3,658
Totals	$ 274,780	$ 34,896

10. Landfill Project

On September 28, 2023, the Mason County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Finance Corporation for a landfill project. The lease is for $4,255,000 at an interest rate of 4.307% for 20 years. The agreement requires annual principal payments commencing December 20, 2023, and semi-annual interest payments commencing December 20, 2023. Upon an event of default, the lessor will have all rights and remedies available under applicable law and declare all lease payments due or to become due during the fiscal year to be immediately due and payable by the county. The principal balance was $4,230,000 as of June 30, 2024. Future principal and interest requirements are:

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

10. Landfill Project (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 135,000	$ 187,519
2026	140,000	180,644
2027	150,000	173,394
2028	160,000	165,644
2029	165,000	157,518
2030-2034	980,000	649,969
2035-2039	1,265,000	389,547
2040-2043	1,235,000	104,250
Totals	$ 4,230,000	$ 2,008,485

11. Garbage Truck

On October 12, 2023, the Mason County Fiscal Court entered into a lease agreement with Magnolia Bank to purchase a garbage truck. The lease is for $201,800 at an interest rate of 5.69%. The agreement requires monthly payments of principal and interest over a period of five years. Upon an event of default, the lessor will have all rights and remedies available under applicable law and declare all lease payments due or to become due during the fiscal year to be immediately due and payable by the county. The principal balance was $178,302 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 37,669	$ 9,172
2026	39,671	6,977
2027	41,780	4,665
2028	44,001	2,231
2029	15,181	180
Totals	$ 178,302	$ 23,225

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt

1. First Mortgage Revenue Bonds (Courthouse Facility Project), Series 2017

In November 2017, Mason County Public Properties Corporation issued $657,000 first mortgage revenue bonds for the purpose of courthouse improvements. Principal payments are due each year on December 1 and interest is payable each year on June 1 and December 1. The bonds are secured by a foreclosable mortgage lien on the project. In the event of default, the mortgage shall be enforced, which may include foreclosure of the liens created by the mortgage and sale of the project. The total principal balance was $234,000 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 76,000	$ 5,880
2026	78,000	3,570
2027	80,000	1,200
Totals	$ 234,000	$ 10,650

2. First Mortgage Refunding Revenue Bonds, Series 2021

In June 2022, the Mason County Public Properties Corporation issued $1,737,673 first mortgage revenue refunding bonds for the purpose of paying the outstanding principal and interest at 1.07% of the Mason County Public Properties Corporation first mortgage revenue bonds, series 2007. The bonds were not defeased until July 12, 2023. Principal payments are due each year on March 1 and interest is payable each year on September 1 and March 1. The bonds are equally secured by the mortgage, without any preference, priority or distinction whatsoever of the lien thereof in favor of any one or more of the bonds over any one or more of the others, reference thereto being hereby made, but only for a particular description of the terms and conditions thereof on which the bonds are issued and secured and for a description of the securities therefor and of the rights of the holders in regard thereto. The total principal balance was $667,432 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 374,697	$ 8,022
2026	292,735	4,013
Totals	$ 667,432	$ 12,035

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$ 1,306,530	$ 4,456,800	$ 390,595	$ 5,372,735	$ 479,240
Revenue Bonds	1,345,092		443,660	901,432	450,697
Total Long-term Debt	$ 2,651,622	$ 4,456,800	$ 834,255	$ 6,274,167	$ 929,937

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2024, were as follows:

	Other Debt		Direct Borrowings and Direct Placements	
Fiscal Year Ended June 30	Principal	Interest	Principal	Interest
2025	$ 450,697	$ 13,902	$ 479,240	$ 226,547
2026	370,735	7,583	458,180	209,227
2027	80,000	1,200	307,906	191,872
2028			324,863	176,951
2029			228,568	161,831
2030-2034			1,058,760	657,126
2035-2039			1,280,218	390,155
2040-2043			1,235,000	104,250
Totals	$ 901,432	$ 22,685	$ 5,372,735	$ 2,117,959

Note 7. Employee Retirement System

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

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Employee Retirement System (Continued)

The county's contribution for FY 2022 was $1,219,955, FY 2023 was $1,329,372, and FY 2024 was $1,204,387.

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 23.34%.

Hazardous

Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will be allocated to CERS's share of assets in the Ky. Ret. Sys. insurance trust fund.

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

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

Note 7. Employee Retirement System (Continued)

Hazardous (Continued)

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

The county's contribution rate for hazardous employees was 43.69%.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives $10 per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

Once members reach a minimum vesting period of 15 years, they earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5%. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

MASON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

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

Once members reach a minimum vesting period of 15 years, they earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5%. Upon the death of a hazardous employee, the employee's spouse receives $10 per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

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

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

G. Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646. Some reports may also be obtained online at: https://kyret.ky.gov.

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

G. Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report (Continued)

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

Note 8. Deferred Compensation

The Mason 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 9. Insurance

For the fiscal year ended June 30, 2024, the Mason 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 10. Landfill Closure and Post-Closure Care

State and federal laws and regulations require the Mason County Fiscal Court to place a final cover on its Municipal Solid Waste Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste.

Note 10. Landfill Closure and Post-Closure Care (Continued)

Through an inter-local agreement with the City of Maysville, the Mason County Fiscal Court manages the operation and accounts for the Maysville-Mason County Landfill. The landfill consists of the following cells:

1) The 21.5-acre residual cell that was capped in fiscal years ending 2001/2002 for $1,065,326. Post-closure care costs are estimated at $18,600.
2) The 41.0-acre contained cell has been operational since January 30, 1997. As of February 27, 2020, 37% of this cell's capacity had been used.
3) The residual/CDD cell is for Dayton Power and Light (DP&L) and has been operational since April 1, 2008. As of June 30, 2024, 100% of this cell's capacity had been used. DP&L is responsible for all closure costs for this cell. DP&L makes regular payments to Mason County to fund the closure costs.

401 KAR 48:310 Section 2 and 3 requires the owner or operator of a landfill to have a detailed written estimate, in current dollars, the cost of hiring a third party to close the solid waste disposal site and to conduct each phase of closure care monitoring and maintenance in accordance with the closure plan. Pursuant to the regulatory basis of accounting, as described in Note 1, no liability has been recognized on the financial statement for closure or post closure care costs. Mason County must comply with established state and federal closure procedures and must perform maintenance and monitoring procedures at the site for 30 years after closure.

The most recent estimated closure cost for the landfill is $4,936,755 with estimated post-closure costs of $3,082,788. Mason County is required to collect and segregate 15% of gross receipts of the landfill and account for it in a restricted Landfill Closure Fund. The balance maintained for the closure of the contained cell and residual/CDD cell as of June 30, 2024, was $3,354,193. The City of Maysville and Mason County will jointly fund post-closure costs.

The estimates above are based on information as of the audit date and can be altered based on inflation/deflation, technology, laws, and regulations.

Note 11. Related Party Transactions

The jailer has family members that own businesses that conduct business with the county. During the fiscal year ended June 30, 2024, the Mason County Fiscal Court purchased $73,699 in products from these businesses.

Note 12. Prior Period Adjustments

The beginning balance of the Jail Commissary Fund was restated and increased by $14,206 which was due to removing prior year omitted outstanding checks of $37,383 and adding a prior year account balance of $51,589.

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MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 7,697,100	$ 7,697,100	$ 7,462,077	$ (235,023)
In Lieu Tax Payments	1,000	1,000		(1,000)
Excess Fees	186,000	186,000	201,576	15,576
Licenses and Permits	48,500	48,500	44,220	(4,280)
Intergovernmental	575,100	581,100	500,783	(80,317)
Charges for Services	51,000	51,000	20,411	(30,589)
Miscellaneous	507,000	507,000	568,019	61,019
Interest	2,000	2,000	79,735	77,735
Total Receipts	9,067,700	9,073,700	8,876,821	(196,879)
DISBURSEMENTS				
General Government	1,818,210	2,210,489	1,910,767	299,722
Protection to Persons and Property	402,700	572,703	374,209	198,494
General Health and Sanitation	124,500	271,137	220,010	51,127
Social Services	3,000	3,000		3,000
Recreation and Culture	40,000	46,750	36,150	10,600
Debt Service	161,226	184,226	171,310	12,916
Capital Projects	35,000	35,000	1,932	33,068
Administration	5,378,064	4,629,095	1,817,895	2,811,200
Total Disbursements	7,962,700	7,952,400	4,532,273	3,420,127
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,105,000	1,121,300	4,344,548	3,223,248
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	50,000	50,000	3,346,556	3,296,556
Transfers To Other Funds	(3,155,000)	(3,155,000)	(2,954,301)	200,699
Total Other Adjustments to Cash (Uses)	(3,105,000)	(3,105,000)	392,255	3,497,255
Net Change in Fund Balance	(2,000,000)	(1,983,700)	4,736,803	6,720,503
Fund Balance - Beginning	2,000,000	2,000,000	683,476	(1,316,524)
Fund Balance - Ending	$ 0	$ 16,300	$ 5,420,279	$ 5,403,979

MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 1,116,486	$ 1,116,486	$ 1,293,091	$ 176,605
Charges for Services	20,000	20,000	16,880	(3,120)
Miscellaneous	76,000	76,000	13,609	(62,391)
Interest	200	200	258	58
Total Receipts	1,212,686	1,212,686	1,323,838	111,152
DISBURSEMENTS				
Roads	1,903,000	2,068,635	1,714,674	353,961
Debt Service	33,959	33,959	32,046	1,913
Administration	575,727	410,092	343,673	66,419
Total Disbursements	2,512,686	2,512,686	2,090,393	422,293
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,300,000)	(1,300,000)	(766,555)	533,445
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,250,000	1,250,000	1,055,000	(195,000)
Transfers To Other Funds			(250,000)	(250,000)
Total Other Adjustments to Cash (Uses)	1,250,000	1,250,000	805,000	(445,000)
Net Change in Fund Balance	(50,000)	(50,000)	38,445	88,445
Fund Balance - Beginning	50,000	50,000	25,210	(24,790)
Fund Balance - Ending	$ 0	$ 0	$ 63,655	$ 63,655

MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

JAIL FUND

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	$ 2,724,267	$ 2,724,267	$ 2,250,165	$ (474,102)
Charges for Services	56,000	56,000	57,496	1,496
Miscellaneous	100,500	100,500	280,923	180,423
Interest	100	100	205	105
Total Receipts	2,880,867	2,880,867	2,588,789	(292,078)
DISBURSEMENTS				
Protection to Persons and Property	2,785,647	2,870,071	2,723,055	147,016
Debt Service	8,000	8,000		8,000
Administration	1,022,220	937,796	909,535	28,261
Total Disbursements	3,815,867	3,815,867	3,632,590	183,277
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(935,000)	(935,000)	(1,043,801)	(108,801)
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	10,000	10,000		(10,000)
Transfers From Other Funds	725,000	725,000	1,265,000	540,000
Total Other Adjustments to Cash (Uses)	735,000	735,000	1,265,000	530,000
Net Change in Fund Balance	(200,000)	(200,000)	221,199	421,199
Fund Balance - Beginning	200,000	200,000	115,252	(84,748)
Fund Balance - Ending	$ 0	$ 0	$ 336,451	$ 336,451

MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 325,000	$ 325,000	$ 340,691	$ 15,691
Miscellaneous	37,500	37,500	24,617	(12,883)
Interest	75	75	222	147
Total Receipts	362,575	362,575	365,530	2,955
DISBURSEMENTS				
General Government	102,300	103,800	36,897	66,903
Protection to Persons and Property	76,300	93,263	73,519	19,744
General Health and Sanitation	69,000	69,000	67,379	1,621
Social Services	63,700	68,450	46,017	22,433
Recreation and Culture	270,500	275,200	250,237	24,963
Roads	1,000	1,036	1,036	
Airports	16,000	20,000	20,000	
Debt Service	10,350	12,670		12,670
Administration	203,425	169,156	72,595	96,561
Total Disbursements	812,575	812,575	567,680	244,895
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(450,000)	(450,000)	(202,150)	247,850
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	350,000	350,000	85,000	(265,000)
Transfers To Other Funds			(8,349)	(8,349)
Total Other Adjustments to Cash (Uses)	350,000	350,000	76,651	(273,349)
Net Change in Fund Balance	(100,000)	(100,000)	(125,499)	(25,499)
Fund Balance - Beginning	100,000	100,000	128,927	28,927
Fund Balance - Ending	$ 0	$ 0	$ 3,428	$ 3,428

MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	STATE GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 50,000	$ 109,758	$ 177,541	$ 67,783
Total Receipts	50,000	109,758	177,541	67,783
DISBURSEMENTS				
General Government			160,726	(160,726)
Protection to Persons and Property		42,943		42,943
General Health and Sanitation	25,000	41,815	16,815	25,000
Administration	32,000	32,000		32,000
Total Disbursements	57,000	116,758	177,541	(60,783)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(7,000)	(7,000)		7,000
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	5,000	5,000		(5,000)
Total Other Adjustments to Cash (Uses)	5,000	5,000		(5,000)
Net Change in Fund Balance	(2,000)	(2,000)		2,000
Fund Balance - Beginning	2,000	2,000	16,293	14,293
Fund Balance - Ending	$ 0	$ 0	$ 16,293	$ 16,293

MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	FEDERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 607,000	$ 1,777,000	$ 588,953	$ (1,188,047)
Miscellaneous	50,000	108,000		(108,000)
Total Receipts	657,000	1,885,000	588,953	(1,296,047)
DISBURSEMENTS				
General Government	5,857	5,857		5,857
Protection to Persons and Property	100,000	100,000	11,970	88,030
Social Services	297,000	1,450,000	568,301	881,699
Recreation and Culture		75,000	11,307	63,693
Administration	224,143	224,143		224,143
Total Disbursements	627,000	1,855,000	591,578	1,263,422
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	30,000	30,000	(2,625)	(32,625)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			74,301	74,301
Transfers To Other Funds	(50,000)	(50,000)	(51,283)	(1,283)
Total Other Adjustments to Cash (Uses)	(50,000)	(50,000)	23,018	73,018
Net Change in Fund Balance	(20,000)	(20,000)	20,393	40,393
Fund Balance - Beginning	20,000	20,000	198,978	178,978
Fund Balance - Ending	$ 0	$ 0	$ 219,371	$ 219,371

MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	SOLID WASTE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	$ 3,000	$ 3,000	$ 1,156	$ (1,844)
Intergovernmental	15,000	15,000		(15,000)
Miscellaneous	66,000	66,000	37,421	(28,579)
Interest	50	50	14	(36)
Total Receipts	84,050	84,050	38,591	(45,459)
DISBURSEMENTS				
General Health and Sanitation	224,300	276,320	254,938	21,382
Debt Service	200	200		200
Capital Projects	5,000	5,000		5,000
Administration	229,550	177,530	104,389	73,141
Total Disbursements	459,050	459,050	359,327	99,723
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(375,000)	(375,000)	(320,736)	54,264
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	300,000	300,000	320,000	20,000
Total Other Adjustments to Cash (Uses)	300,000	300,000	320,000	20,000
Net Change in Fund Balance	(75,000)	(75,000)	(736)	74,264
Fund Balance - Beginning	75,000	75,000	15,121	(59,879)
Fund Balance - Ending	$ 0	$ 0	$ 14,385	$ 14,385

MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

LANDFILL FUND

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	$ 10,000	$ 10,000	$ 12,321	$ 2,321
Intergovernmental	125,000	125,000	157,577	32,577
Charges for Services	2,410,055	2,410,055	2,262,132	(147,923)
Miscellaneous	102,000	102,000	351,177	249,177
Interest	8,000	8,000	16,232	8,232
Total Receipts	2,655,055	2,655,055	2,799,439	144,384
DISBURSEMENTS				
General Health and Sanitation	2,093,111	2,346,727	6,439,460	(4,092,733)
Debt Service	340,000	473,163	466,902	6,261
Capital Projects	50,000	113,211	93,211	20,000
Administration	4,721,944	4,271,954	621,384	3,650,570
Total Disbursements	7,205,055	7,205,055	7,620,957	(415,902)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,550,000)	(4,550,000)	(4,821,518)	(271,518)
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	25,000	25,000	4,456,800	4,431,800
Transfers From Other Funds	25,000	25,000		(25,000)
Total Other Adjustments to Cash (Uses)	50,000	50,000	4,456,800	4,406,800
Net Change in Fund Balance	(4,500,000)	(4,500,000)	(364,718)	4,135,282
Fund Balance - Beginning	4,500,000	4,500,000	4,998,097	498,097
Fund Balance - Ending	$ 0	$ 0	$ 4,633,379	$ 4,633,379

MASON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

GARBAGE COLLECTIONS FUND

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Charges for Services	$ 500,000	$ 500,000	$ 443,167	$ (56,833)
Interest	100	100	82	(18)
Total Receipts	500,100	500,100	443,249	(56,851)
DISBURSEMENTS				
General Health and Sanitation	631,800	671,395	425,246	246,149
Debt Service	48,500	61,724	61,724	
Administration	419,800	366,981	105,329	261,652
Total Disbursements	1,100,100	1,100,100	592,299	507,801
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(600,000)	(600,000)	(149,050)	450,950
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	500,000	500,000	155,000	(345,000)
Total Other Adjustments to Cash (Uses)	500,000	500,000	155,000	(345,000)
Net Change in Fund Balance	(100,000)	(100,000)	5,950	105,950
Fund Balance - Beginning	100,000	100,000	48,128	(51,872)
Fund Balance - Ending	$ 0	$ 0	$ 54,078	$ 54,078

MASON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2024

Note 1. Budgetary Information

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

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

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

Note 2. Excess of Disbursements Over Appropriations

The State Grants Fund, general government line-item, exceeded budgeted appropriations by $160,726. The Landfill Fund, general health and sanitation line-item, exceeded budgeted appropriations by $4,092,733.

MASON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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MASON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	(Restated*) Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	$ 2,648,218	$	$	$ 2,648,218
Building and Building Improvements	19,831,228			19,831,228
Vehicles*	2,463,360			2,463,360
Equipment*	7,658,390			7,658,390
Furniture and Other Equipment*	543,888			543,888
Infrastructure*	11,750,327			11,750,327
Total Capital Assets	$ 44,895,411	$ 0	$ 0	$ 44,895,411

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

June 30, 2024

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land	$ 1	
Land Improvements	$ 2,500	10-60
Buildings	$ 2,500	10-75
Building Improvements	$ 2,500	5-75
Machinery and Equipment	$ 2,500	3-25
Furniture and Fixtures	$ 2,500	3-25
Vehicles	$ 2,500	3-25
Infrastructure	$ 2,500	10-50

Note 2. Capital Assets Restated Beginning Balances

The beginning balance of vehicles was decreased by $269,124; equipment was decreased by $267,252, furniture and other equipment increased by $3,373, and infrastructure was increased by $861,291. This was due to amounts being adjusted to reflect revised capital asset information provided by management.

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Owen McNeill, Mason County Judge/Executive
Members of the Mason County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Mason County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Mason County Fiscal Court's financial statement and have issued our report thereon dated April 30, 2026.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, 2024-007, and 2024-008 to be material weaknesses.

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Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Mason County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, 2024-007, and 2024-008.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Mason County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 30, 2026

MASON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2024

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MASON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS:

2024-001 The Mason County Fiscal Court Did Not Have Adequate Internal Controls Over Financial Reporting

The following reporting errors and deficiencies occurred due to a lack of internal controls over financial reporting:

- The treasurer did not prepare an annual settlement or present one to the fiscal court for approval (See finding 2024-002).
- Budgeted receipts were misstated by $186,274 and disbursements were misstated by $90,500 on the fourth quarter report. This was due to State Grants Fund receipts being overstated by $110,726, Federal Fund grant receipts being understated by $297,000, General Fund disbursements being overstated by $42,774, State Grants Fund disbursements being overstated by $160,726, and Federal Fund grants disbursements being understated by $294,000.
- The cash balance on the fourth quarter financial statement varied from the reconciled balance for the General Fund by $111,212, the Road Fund by $53, the Jail Fund by $27,000, the Landfill Fund by $40,483, and the Garbage Collections Fund by $10,469.
- Interfund transfers were transferred in excess of amounts approved by the fiscal court.

The county did not have adequate oversight and review procedures in place to ensure financial activity was accurately recorded and reported in accordance with the uniform system of accounts. Errors and omissions occurred that went undetected resulting in misstatements to the financial statement. Accurate financial reporting is integral to those charged with governance in order to make prudent financial decisions on behalf of the county and its constituents. Also, external organizations may use and rely on financial information reported by the county.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports and would prevent the same person from having a significant role in these incompatible functions.

Proper accounting procedures and internal controls require the financial statement to be supported with accurate underlying accounting records such as bank reconciliations and receipt and disbursement ledgers. To ensure adequate oversight, these records should be reviewed for accuracy. Strong internal controls over financial reporting are vital in ensuring the fiscal court's financial statement accurately reflects the financial activity of the fiscal court. Furthermore, the county should ensure the budgeted amount on the fourth quarterly report agrees with the budget approved by fiscal court.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* states all transfers require a court order.

KRS 68.360(1) states, "[t]he county treasurer shall balance his books on the first day of each month, so as to show the correct amount on hand belonging to each fund[.]"

MASON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-001 The Mason County Fiscal Court Did Not Hae Adequate Internal Controls Over Financial Reporting (Continued)

We recommend the fiscal court implement internal controls and management oversight over the financial reporting process such as:

- Ensuring that an annual settlement is prepared, presented, and approved by the fiscal court.
- A thorough review of the quarterly financial statements by someone independent of the accounting function to help detect any misstatements and errors.
- Timely and accurate bank reconciliations on all bank accounts maintained by the county.
- Agreeing fund balances between the quarterly financial statements and bank reconciliations, agreeing bank balances per the bank statements to the quarterly financial statements, and monthly reconciliations.
- All transfers should be approved by the fiscal court.

By implementing these procedures, the fiscal court can strengthen its internal control system and ensure accurate financial reporting.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The annual settlement was prepared, but not presented to the fiscal court with the fourth quarter financial statement. It was an oversight on the treasurer's part. This has been corrected and will be presented to the fiscal court for approval each year within 30 days. Budget receipts were misstated due to the budget transfers needed to correct grant expenditure account codes not being finalized by the end of the quarter. Per the auditor's suggestion, the quarterly's will be reviewed by someone other than the treasurer to detect any corrections that need to be made before finalizing the quarterly statements, including cash balances. Interfund transfers in excess of the annual order approved by fiscal court will be presented and approved in a separate order as needed.

2024-002 The Treasurer Did Not Prepare An Annual Settlement

The treasurer did not prepare an annual settlement that should have been presented to the fiscal court. This was an oversight by the county treasurer. By not having an annual settlement, the fiscal court may not be aware of the financial position of the county.

KRS 68.020(5) states, "[t]he county treasurer shall, when required by the fiscal court, settle his or her accounts as county treasurer, and within thirty (30) days after the close of each fiscal year…make a full and complete settlement for the preceding fiscal year with the fiscal court or with a person or persons whom the fiscal court, by order of record, appoints to make settlement with the county treasurer."

KRS 68.030 states, "[e]ach settlement made by the county treasurer shall be approved by the fiscal court in open court, and shall, by order of the fiscal court, be recorded by the county clerk in a book kept for that purpose."

We recommend that the treasurer prepare an annual settlement and have it approved by the fiscal court within 30 days after the close of the fiscal year.

MASON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-002 The Treasurer Did Not Prepare An Annual Settlement (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Although an annual statement was prepared and is available, it was not presented to fiscal court for approval. This was an oversight by the treasurer and has been corrected. The annual statement will be presented at the first July fiscal court meeting each year moving forward.

2024-003 The Mason County Fiscal Court's Actual Disbursements Exceeded Budgeted Appropriations

The Mason County Fiscal Court exceeded their approved budgeted appropriations in the State Grants Fund and the Landfill Fund. The fiscal court exceeded the overall approved budget for the following funds:

- The State Grants Fund total budget was overspent by $60,783, with the general health and sanitation category for this fund being overspent by $4,092,733.
- The Landfill Fund total budget was overspent by $415,902,with the general government category for this fund was overspent by $160,726

The fiscal court failed to properly monitor budgeted expenditures of the county's operating funds, as noted, and to submit budget amendments for approval, as necessary. This lack of oversight caused the fiscal court to overspend the approved budget for two funds in violation of state law.

KRS 68.300 states, "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within the budget appropriation, shall be void. No member of the fiscal court shall vote for any such illegal appropriation or claim."

We recommend the fiscal court and the county treasurer monitor the budget more closely and amend the county's budget or transfer necessary appropriations in order to prevent the county from exceeding the budget.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Some disbursements in the State and Landfill funds exceeded the budgeted amount due to an unaccounted for reimbursement, and the Landfill Phase 6 lease that was out semi-annually to the vendors through the lessor instead of fiscal court directly. Fiscal court did not receive the lease proceeds, instead each expenditure was paid out directly by KACo to the vendors. Journal entries were not made in order to show the payments made by KACo. This was an error in the budget line items, not cash errors. All corrections have been made, and in the future, budget numbers and expenditure codes will show the true financial position of the landfill fund.

2024-004 Fund Transfers Were Made In Excess Of Amount Approved

Fund transfers were made in excess of the amount approved by the fiscal court. The fiscal court approves an annual order for interfund transfers at the beginning of the fiscal year. During the year, the treasurer transfers amounts from fund to fund. At the end of the fiscal year, transfers exceeded the approved amounts. There were unauthorized transfers of $928,349. By not having cash transfers approved, the fiscal court may not be aware of actual fund balances, which could create cash flow issues.

MASON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-004 Fund Transfers Were Made In Excess Of Amount Approved (Continued)

KRS 68.210 states, "[t]he administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe...a system of uniform accounts[.]" As part of that ability, the Department for Local Government requires all fiscal courts to follow the *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual requires all cash transfers to be approved by the fiscal court.

We recommend all cash transfers be approved by the fiscal court before they are made and that the cash transfer amounts approved should agree to the actual transfers made.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Interfund transfers are approved by an Order at the beginning of each fiscal year. Any transfers made above the amounts approved by fiscal court are approved in an additional, separate order as needed. Some transfers were made above the approved amount without an additional Order. Although all transfers are included in the financial statements presented to fiscal court each month, some of them were not pre-approved. That oversight has been addressed, with safeguards put in place so no interfund transfers will be made above the approved annual Order amounts without prior fiscal court approval moving forward.

2024-005 The Mason County Fiscal Court Did Not Properly Account For Debt Payments On The County's Financial Statement

During the year ending June 30, 2024, the county entered into lease agreements for the landfill project and a packer truck incurring a total liability of $4,456,800. The county did have the outstanding amount of debt on the liabilities section of its quarterly report but failed to post the total amount on the receipts ledger for the lease proceeds and the corresponding expenditure to the disbursements ledger. The audited financial statement and the Landfill Fund budgetary comparison schedule were adjusted to record the financing and purchase.

According to the county, they were unaware that they needed to record the total amount of debt on the receipts ledger due to the money being paid directly to vendors. The quarterly report Landfill Fund receipts were understated by $4,456,531 and expenditures were understated by $4,383,685.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. According to the *County Budget Preparation and State Local Finance Officer Policy Manual*, all financial activity, including transactions through a third party, must be recorded on the county's financial statements.

We recommend the county implement controls to ensure all lease transactions are accurately posted on the county's quarterly report in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This goes back to the Landfill Phase 6 lease. That debt was paid to the vendors directly by KACo and the lease proceeds were never sent directly to us. This oversight has been corrected and the lease amount and balances of the debt are correctly stated in our liability's reports moving forward.

MASON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-006 The Mason County Fiscal Court Does Not Have Adequate Procedures For Reporting County Liabilities

The Mason County Fiscal Court liabilities journal total principal and interest balances were overstated by $859,672 and $167,638, respectively. The fiscal court does not have controls in place to ensure balances reported on the county's liabilities register are accurate. This has resulted in the misstatement of the county's liabilities, making it difficult for management to determine the county's current debt balances.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to report all liabilities of the county. Control procedures should be in place with the fiscal court to ensure that all liabilities held at fiscal year-end are accurately reported on the liabilities schedule.

We recommend the county improve procedures to ensure proper reporting of all the county's liabilities on the financial statement.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Expenditures made for liabilities were not automatically transferred into our liabilities journal and had to be entered manually. There were a few of those expenditures that were not entered in a timely manner, therefore overstating the outstanding balances. That has been corrected and our software now automatically applies the expenditures paid to our principal and interest balances in our liabilities reporting. Each balance is also checked with all amortization schedules before finalizing reports.

2024-007 The Mason County Fiscal Court Lacks Adequate Internal Controls Over The Disbursement Process

During disbursements testing, we noted 40 instances where purchase orders were not issued and 6 instances of invoices not being paid within 30 days. These deficiencies occurred due to lack of monitoring of controls that diminished the effectiveness of the controls put in place over expenditures by the fiscal court. These deficiencies could create errors in recording or allow for the possibility of misappropriation of assets.

KRS 65.140(2) states, "all bills for goods or services shall be paid within thirty (30) working days of receipt of vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performance or improper invoicing by the vendor or by the vendor's subcontractor."

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The oversight and understanding of the procurement process is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires the finance officer to issue purchase orders and maintain a purchase order log.

We recommend the fiscal court implement proper internal controls over expenditures and ensure they are operating effectively.

MASON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-007 The Mason County Fiscal Court Lacks Adequate Internal Controls Over The Disbursement Process (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Purchase orders, although issued for each order/purchase, are not issued for some pre-approved expenses through fiscal court. Now we have set it up so all invoices is checked against purchase orders by more than one employee to ensure that any invoice requiring a purchase order, has one. I am not aware of which invoices were selected as not being paid within 30 days, but there are instances where that can occur based on the invoice date entered by the vendor. For example, we will sometime receive an invoice dated the 10th, but the work was not complete and the invoice was not received by us until the 25th. In addition, invoices that are not brought into our office for payment in a timely manner, may not be received in time to be approved at the next fiscal court meeting for payment, causing a delay in that payment unless a special meeting has been called. We will start recording such instances for our auditors, as well as being more cautious with dates presented on invoices as we receive them.

2024-008 The Mason County Jailer Does Not Deposit Funds Daily

Receipts collected at the jail were not being deposited on a daily basis. The jail has three separate deposits during the week tested, one deposit from the lobby, general cash drawer, and booking. However, all three sources are not emptied and deposited daily. Additionally, we found that one check for an inmate account was held in the safe 47 days prior to deposit.

Deposits were made at the jailer's discretion during the fiscal year. Since the jail receives a significant amount of cash receipts there is a high risk that undeposited cash could be misappropriated.

Daily deposits are required by the minimum accounting and reporting standards as prescribed by the state local finance officer pursuant to KRS 68.210. Additionally, making daily deposits is a standard internal control to reduce the risk of loss of cash due to misappropriation or theft.

We recommend the jailer deposit funds on a daily basis.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: After speaking to the jailer, all monies received at the jail will now be deposited daily moving forward, including after hours.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

MASON COUNTY FISCAL COURT

For The Year Ended June 30, 2024

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

MASON COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Mason County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

Owen A. McNeill

County Judge/Executive

Megan Davenport

County Treasurer