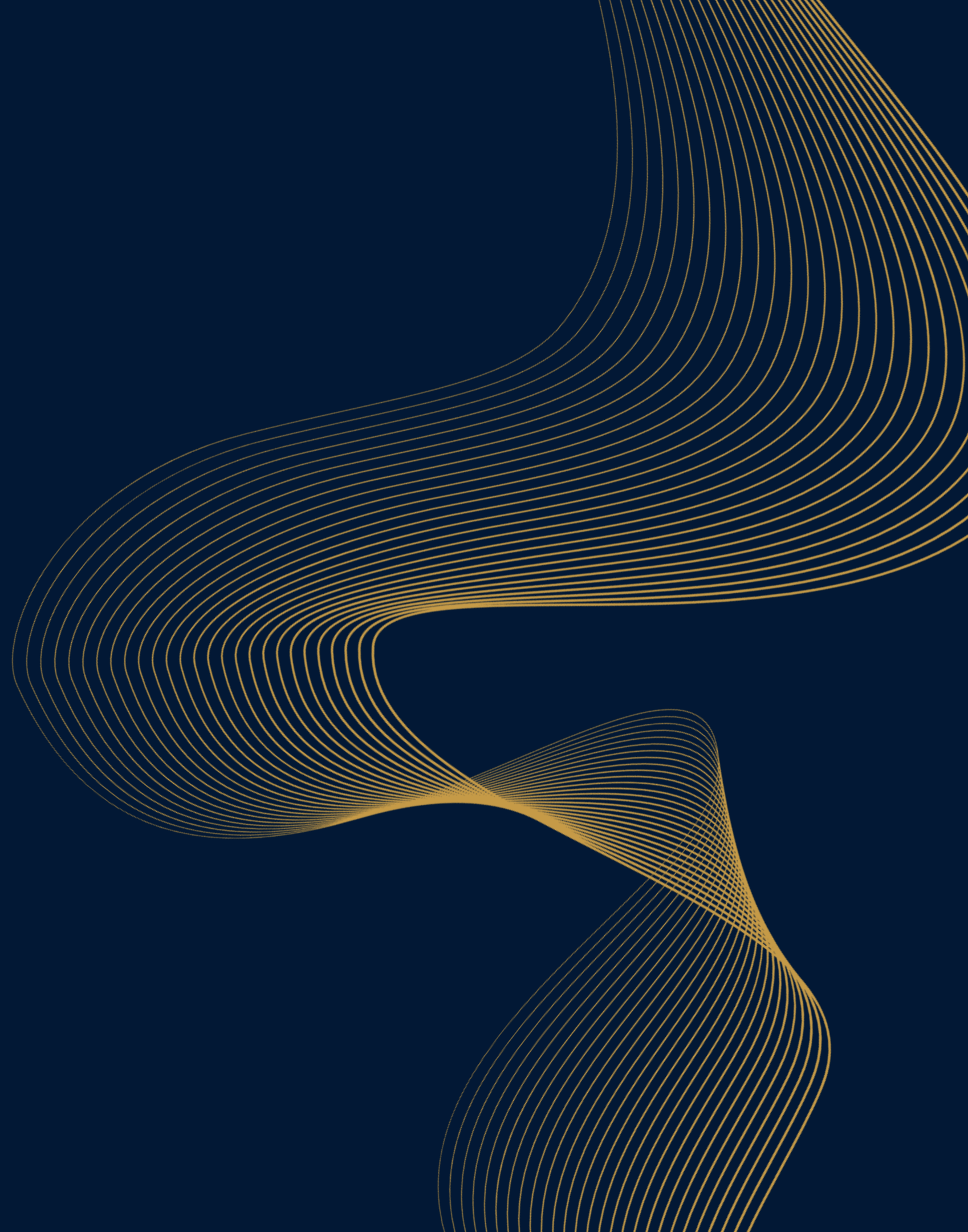


50 Years

Governor's Local Issues Conference



County Finance Potpourri

Governor's Local Issues Conference 2026

August 19th, 2026

Areas to Cover

1. Pitfalls and Problems in Approving Budgets and Amendments
2. Standing Orders
3. 65/35 Exemptions
4. Property Taxes
5. Financial Reporting to DLG

Feel free to ask questions as we go....

Functionality of the Fiscal Court

- Conflicting Personalities
 - Lack of Trust or Suspicion of another's motives
- Not Understanding Roles
- Poor Communication
- Planning issues
 - Thinking too small
 - Thinking too big

These common issues will hinder any organization's effectiveness.

Budgets and Amendments – Common Issues

- Incomplete Submissions
 - Budgets lack certain components such as Signed Signature Pages, Tax Rates, Liabilities Pages, Etc....
 - Amendments also lack signatures from the County Judge and the date the Amendment was approved.
 - Revenue Documentation for Amendments is a big one, we need to see what the revenues are showing.
- Prior Adopted Financials are missing or are past due
 - Budget
 - Adopted Amendment
 - Quarterly Report

Issues Specific to Amendments

- Amending in funds already included in the budget
 - Need to get cash from the Opioid Account to the General Fund and the county wants to amend that cash from one account to the other.
 - No amendment is required here.
- Amendments are only needed if you have received unanticipated revenues and you want to expend them.
 - If you do not wish to expend that insurance reimbursement, you can simply receipt the funds, and bank them until next year.
- Transfers are included
 - We don't approve these, but if you do include them, they'd better add correctly.
 - We will often see a 4910 but no 4909 code.

Standing Orders and Electronic Payments

- Standing Orders were revised last year so that counties may adopt one to include Payroll, Utilities and Payments to Vendors who provide regular service.
 - If you have of these classes of payment, you can make the payments by check or ACH, your choice.
 - You can revise the Standing Order at anytime.
- If the Court just needs to make a single ACH payment here or there, then it can ask the Treasurer to so and you do not have to alter the Standing Order.
- If you need to include anything other than the big three, send it to DLG.

65/35 Exemptions

KRS 68.310 limits the county to only expending 65% of all funds in each budget through December 30. Violations could result in Fines and/or Jail Time for officials who knowingly violate the statute.

There is an exception for emergencies.

If the Fiscal Court, Judge Executive and the State Local Finance Officer agree in writing, then a particular fund can be exempted.

- We continue to see abnormal rainfalls across the Commonwealth that are washing away the support base and/or asphalt from many county roads.

65/35 Exemptions

LARP and Other mandated expenses have not taken KRS 68.310 into consideration.

It has been our prior statement should the county need to seek an exemption for these programs and that the SLFO would agree.

Send DLG a letter on County Letterhead explaining the specifics of the situation why the Fiscal Court and Judge feel it is an emergency.

The SLFO will then add comments as needed and will sign the exemption letter.

You can send this letter by PDF, we will accept this format.

KRS 68.310 Exemption Request

Edit this letter to reflect your county's specific circumstances, print it on county letterhead, and delete these instructions before sending.

[Date]

Pursuant to KRS 68.310, disbursements from each county budget fund are limited to 65% of the budgeted amount through December 31. The statute provides an exception when the County Judge/Executive, the Fiscal Court, and the State Local Finance Officer unanimously agree in writing that an emergency exists which warrants an exemption.

Based on the circumstances described below, we respectfully request an exemption from the limitations of KRS 68.310 for the following fund(s):

- **Fund A:** Due to [describe the facts, conditions, or events].
- **Fund B:** Due to [describe the facts, conditions, or events].
- **Fund C:** Due to [describe the facts, conditions, or events].
- **Fund D:** Due to [describe the facts, conditions, or events].

Attached is supporting documentation for your review. Based on this information, we respectfully request your concurrence that the circumstances in **[County Name] County** constitute an emergency warranting an exemption under KRS 68.310.

Sincerely,

County Judge/Executive _____ Date _____

Magistrate/Commissioner _____ Date _____
(*On behalf of the Fiscal Court*)

State Local Finance Officer _____ Date _____

Tax Rates

- There are two rates that we calculate.
 - Compensating Rate will generate no less than the same amount of revenue as prior year.
 - 4% Rate will generate the same amount of revenue as prior year with 4% on top.
- As a county, you may have the second highest tax rate in the county (the school board will be the highest). You must balance the needs of the county budget with the overall tax burden to the citizens.

Time Constraints

- 45 days in which to act on the rate decision
- If you take the Compensating Rate, you can bring it to the floor for action and accept it then and there.
- If you want to raise the rate, this will require a hearing.
 - Two consecutive weekly advertisements in the newspaper with the greatest circulation in the county
 - Meeting must be held between 7 & 10 days following the second advertisement.
- KRS 68.245 has all the details

Hypothetical – For Now

What does a Data Center do to the Compensating Rate?

- The multi-billion-dollar improvement will take a couple of cycles to hit the county books.
- In a hypothetical we ran recently, the result is that it will crater the Comp Rate.
- If the county derived 1 million from 1 billion in assessed property, adding a 4-billion-dollar asset to the county will drop the comp rate by 80%

Hypothetical - continued

- Comp rate generates the same revenue from year-to-year, so what is the problem?
- Because the Comp rate rounds up and the 4% rounds down to the nearest 1/10th of 1 cent, when they get close in the amount, they sometimes become the same figure.
 - This will affect anyone with a rate under 12 cents or so.
- To raise it back, the fiscal court will have to adopt 6 and 7% increases over a number of years as they depreciate the tangible assets of the data center.
 - This will cause quite a lot of drama

Data Centers

Ideally, the General Assembly steps in to regulate their:

- Construction
- Tax structure
- Qualified locations
- Environmental operation
- Personnel requirements

In such a structure, it will be much more egalitarian to the counties and cities involved.

Consider implementing a **Moratorium**.

Financial Reporting

We require that quarterly reports from:

- Fiscal Court be submitted no more than 20 days following the close of the quarter
 - October 20, January 20, March 20, July 20
- Fee Offices be submitted no more than 30 days following the close of the quarter.
 - March 30, July 30, October 30, January 30
 - If your county requires approval before submittal to DLG, please see it approved before the 30th.

Financial Reporting

If you have not submitted reports, we will not consider amendments for approval and the SLFO may not agree to 65/35 Exemptions.

There is an upload for counties to submit quarterlies. It is an older system, but it generally works fine.

We will be building a new system in the next two years but will provide plenty of time for adjustment and input from treasurers and software providers.

Financial Reporting – Outgoing Officials

If you are not seeking reelection or are not returned to office in the next term, there are a number of financial considerations.

You should have your financials in good order so that you can immediately turn over all books, ledgers and documents to your successor.

You should provide passwords to all accounts in the county's name or under their control.

There are statutory penalties for not successfully doing this.

Questions?

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