

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

**For The Year Ended
June 30, 2024**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
CALDWELL COUNTY OFFICIALS	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS	8
NOTES TO FINANCIAL STATEMENT	12
BUDGETARY COMPARISON SCHEDULES	27
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES	37
SCHEDULE OF CAPITAL ASSETS	41
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS	42
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	45
SCHEDULE OF FINDINGS AND RESPONSES	49
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

THIS PAGE LEFT BLANK INTENTIONALLY



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 William Young, Caldwell County Judge/Executive

Members of the Caldwell 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 Caldwell County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Caldwell 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 Caldwell 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 Caldwell 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 Caldwell 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
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable William Young, Caldwell County Judge/Executive
Members of the Caldwell 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 Caldwell 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

Caldwell 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 Caldwell 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 Caldwell County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

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

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 Caldwell 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 Caldwell 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
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable William Young, Caldwell County Judge/Executive
Members of the Caldwell County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2025, on our consideration of the Caldwell 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 Caldwell 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 Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Disbursements
- 2024-002 The Caldwell County Jailer Lacks Effective Management Oversight Of The Jail Commissary
- 2024-003 The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Receipts Collected At The Animal Shelter
- 2024-004 The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Payroll Processing

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

August 6, 2025

CALDWELL COUNTY OFFICIALS**For The Year Ended June 30, 2024****Fiscal Court Members:**

William Young	County Judge/Executive
Elbert Bennett	Magistrate
Jeff Boone	Magistrate
Jeff Sims	Magistrate
David Stallins	Magistrate

Other Elected Officials:

Roy Massey	County Attorney
William Harper	Jailer
Jennifer Hale	County Clerk
Danny Hooks	Circuit Court Clerk (7/1/23 through 8/31/23)
Christie Storm	Circuit Court Clerk (9/1/23 through 6/30/24)
Don Weedman	Sheriff
Ronald Wood	Property Valuation Administrator
Dewayne Trafford	Coroner

Appointed Personnel:

Kasey Oliver	County Treasurer
Tammy Brasher	Chief Financial Officer

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2024

CALDWELL 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	\$ 4,445,581	\$	\$
In Lieu Tax Payments	43,112		
Excess Fees	109,152		
Licenses and Permits	50,344		
Intergovernmental	757,015	1,638,122	96,753
Charges for Services			71,572
Miscellaneous	126,056	7,058	10,552
Interest	226,524	31,393	852
Total Receipts	<u>5,757,784</u>	<u>1,676,573</u>	<u>179,729</u>
DISBURSEMENTS			
General Government	1,093,491		
Protection to Persons and Property	1,143,845		759,153
General Health and Sanitation	119,364		
Social Services	7,900		
Recreation and Culture	65,500		
Roads		1,563,871	
Airports	11,408		
Debt Service			
Capital Projects			
Administration	510,281	246,268	281,346
Total Disbursements	<u>2,951,789</u>	<u>1,810,139</u>	<u>1,040,499</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,805,995</u>	<u>(133,566)</u>	<u>(860,770)</u>
Other Adjustments to Cash (Uses)			
Payroll Revolving Account	10,743		
Transfers From Other Funds	625,000		824,013
Transfers To Other Funds	(2,726,213)		
Total Other Adjustments to Cash (Uses)	<u>(2,090,470)</u>		<u>824,013</u>
Net Change in Fund Balance	715,525	(133,566)	(36,757)
Fund Balance - Beginning (Restated)	<u>3,641,394</u>	<u>188,816</u>	<u>86,380</u>
Fund Balance - Ending	<u>\$ 4,356,919</u>	<u>\$ 55,250</u>	<u>\$ 49,623</u>
Composition of Fund Balance			
Bank Balance	\$ 4,536,691	\$ 62,173	\$ 70,700
Payroll Revolving Account Reconciled Balance	10,743		
Plus: Deposits In Transit			
Less: Outstanding Checks	(190,515)	(6,923)	(21,077)
Fund Balance - Ending	<u>\$ 4,356,919</u>	<u>\$ 55,250</u>	<u>\$ 49,623</u>

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

CALDWELL 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	Sheriff Fund	County Clerk Storage Fund	Shelter Fund	Escrow Bond Fund	Opioids Fund	American Rescue Plan Act Fund
\$	\$	\$	\$	\$	\$	\$
299,993	339,289		2,400			
			11,517		97,236	
		16,500	22,316	12		
1,465	757	260		136,491	1,313	69,951
301,458	340,046	16,760	36,233	136,503	98,549	69,951
175,000	668,503	4,781		1,399		
			91,137	12		
2,633						
				4,231,535		
						56,207
	274,533		11,160			9,148
177,633	943,036	4,781	102,297	4,232,946		65,355
123,825	(602,990)	11,979	(66,064)	(4,096,443)	98,549	4,596
	500,000		79,212	1,322,988		(625,000)
	500,000		79,212	1,322,988		(625,000)
123,825	(102,990)	11,979	13,148	(2,773,455)	98,549	(620,404)
56,411	153,545	15,316		3,774,434	66,571	1,546,006
\$ 180,236	\$ 50,555	\$ 27,295	\$ 13,148	\$ 1,000,979	\$ 165,120	\$ 925,602
\$ 180,236	\$ 63,644	\$ 30,733	\$ 14,349	\$ 1,002,378	\$ 165,120	\$ 925,602
	(13,089)	(3,438)	(1,201)	(1,399)		
\$ 180,236	\$ 50,555	\$ 27,295	\$ 13,148	\$ 1,000,979	\$ 165,120	\$ 925,602

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

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

	<u>Unbudgeted Fund</u>	
	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS		
Taxes	\$	\$ 4,445,581
In Lieu Tax Payments		43,112
Excess Fees		109,152
Licenses and Permits		50,344
Intergovernmental		3,133,572
Charges for Services		180,325
Miscellaneous	114,137	296,631
Interest		469,006
Total Receipts	<u>114,137</u>	<u>8,727,723</u>
DISBURSEMENTS		
General Government		1,766,775
Protection to Persons and Property		2,079,397
General Health and Sanitation		210,513
Social Services		10,533
Recreation and Culture	102,157	167,657
Roads		1,563,871
Airports		11,408
Debt Service		4,231,535
Capital Projects		56,207
Administration		1,332,736
Total Disbursements	<u>102,157</u>	<u>11,430,632</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>11,980</u>	<u>(2,702,909)</u>
Other Adjustments to Cash (Uses)		
Payroll Revolving Account		10,743
Transfers From Other Funds		3,351,213
Transfers To Other Funds		(3,351,213)
Total Other Adjustments to Cash (Uses)		<u>10,743</u>
Net Change in Fund Balance	11,980	(2,692,166)
Fund Balance - Beginning (Restated)	<u>21,813</u>	<u>9,550,686</u>
Fund Balance - Ending	<u>\$ 33,793</u>	<u>\$ 6,858,520</u>
Composition of Fund Balance		
Bank Balance	\$ 33,499	\$ 7,085,125
Payroll Revolving Account Reconciled Balance		10,743
Plus: Deposits In Transit	798	798
Less: Outstanding Checks	(504)	(238,146)
Fund Balance - Ending	<u>\$ 33,793</u>	<u>\$ 6,858,520</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	12
NOTE 2.	DEPOSITS	15
NOTE 3.	TRANSFERS.....	16
NOTE 4.	CUSTODIAL FUNDS	16
NOTE 5.	LEASES	16
NOTE 6.	LONG-TERM DEBT	17
NOTE 7.	EMPLOYEE RETIREMENT SYSTEM	18
NOTE 8.	DEFERRED COMPENSATION.....	22
NOTE 9.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT	22
NOTE 10.	INSURANCE.....	22
NOTE 11.	PAYROLL REVOLVING ACCOUNT	22
NOTE 12.	TAX ABATEMENT	22
NOTE 13.	PRIOR PERIOD ADJUSTMENTS	23

**CALDWELL COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Caldwell County includes all budgeted and unbudgeted funds under the control of the Caldwell 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.

CALDWELL 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.

Sheriff Fund - The primary purpose of this fund is to account for the sheriff's receipts and disbursements. The primary source of receipts of this fund is the sheriff's excess fees.

County Clerk Storage Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with the preservation of records within the county clerk's recording department. The primary source of receipts of this fund is the county clerk's collection of storage fees.

Shelter Fund - The primary purpose of this fund is to account for the receipts and disbursements of the animal shelter. The primary source of receipts of this fund are pet adoption fees and donations.

Escrow Bond Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with various countywide improvements necessitated from tornado damage. The primary source of receipts of this fund are bond proceeds.

Opioids 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.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for receipts received from the federal government.

Unbudgeted Fund

The fiscal court reports the following unbudgeted funds:

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

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

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

E. Caldwell County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Jointly Governed Organizations and Joint Ventures

A regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that created the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest, or responsibility is a jointly governed organization. Based on upon these criteria, the following are considered jointly governed organizations of the Caldwell County Fiscal Court:

Industrial Development Authority
 City-County Park

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 these criteria, the following are considered joint ventures of the Caldwell County Fiscal Court:

Pennyrile West Park Industrial Authority
 Pennyrile Emergency Assistance Center

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.

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

Note 3. Transfers

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

	General Fund	American Rescue Plan Act Fund	Total Transfers In
General Fund	\$	\$ 625,000	\$ 625,000
Jail Fund	824,013		824,013
Sheriff Fund	500,000		500,000
Shelter Fund	79,212		79,212
Escrow Bond Fund	1,322,988		1,322,988
Total Transfers Out	<u>\$ 2,726,213</u>	<u>\$ 625,000</u>	<u>\$ 3,351,213</u>

Reason for transfers:

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

Note 4. Custodial Funds

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 fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2024 was \$426.

Note 5. Leases

A. Lessor

1. Hawthorne Street Office Space

On April 1, 2017, the Caldwell County Fiscal Court began leasing the office building and parking lot located at 310 Hawthorne Street, Princeton, Kentucky to Pennyroyal Health Care Services, Inc. The lease was originally for a two-year term and has been automatically renewed for additional two-year terms. The lease requires a monthly payment of \$1,000 per month. The Caldwell County Fiscal Court recognized \$12,000 in lease revenue during the current fiscal year.

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

Note 5. Leases (Continued)

A. Lessor (Continued)

2. Seven Springs Farm

On June 26, 2017, the Caldwell County Fiscal Court began leasing a parcel of real estate within the City of Princeton, Kentucky, which houses certain grain bins and attachments to Seven Springs Farms. The lease was originally for a five-year term and has been renewed for an additional five-year term. The current lease expires on June 30, 2027. The lease requires an annual payment of \$7,500 for a total of \$37,500 for the term. The Caldwell County Fiscal Court recognized \$7,500 in lease revenue during the current fiscal year.

3. Court Facilities Office Space

On July 1, 2023, the Caldwell County Fiscal Court began leasing office space to the Administrative Office of the Courts (AOC). The lease is for a one-year term, and Caldwell County will receive quarterly payments in the amount of \$12,363. Caldwell County recognized \$49,451 in lease revenue during the current fiscal year.

B. Lessee

On May 14, 2021, the Caldwell County Fiscal Court entered into a five-year lease agreement as lessee for the use of copy machines. An initial lease liability was recorded in the amount of \$10,901. As of June 30, 2024, the value of the lease liability was \$4,542. The Caldwell County Fiscal Court is required to make monthly payments of \$182. As of June 30, 2024, the remaining lease payments were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 2,180
2026	2,180
2027	182
Total Minimum Lease Payments	<u>\$ 4,542</u>

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Bond Anticipation Note – Tornado Damage

On April 12, 2022, the Caldwell County Fiscal Court issued a general obligation bond anticipation note in the amount of \$4,169,000 to be paid by FEMA reimbursement for tornado damage. The note was authorized for the purpose of financing certain emergency costs related to maintaining the public health and safety of the citizens of the county related to tornado damage incurred within the boundaries of the county. The note has a fixed interest rate of 1.5 percent with total principal and interest due on March 20, 2024.

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

1. Bond Anticipation Note – Tornado Damage (Continued)

Upon an event of default, the trustee will be entitled to sue for, enforce payment on and receive any and all amounts then or during and default becoming, and at any time remaining, due and unpaid from the corporation for principal, redemption price, interest or otherwise, under any provision of the general trust indenture or any series trust indenture or of the bonds, with interest on overdue payments at the rate or rates of interest specified in such bonds, together with any and all costs and expenses of collection and of all proceedings under the general trust indenture and under the bonds, without prejudice to any other right or remedy of the trustee or of the bondholders, and to recover and enforce a judgment or decree against the corporation for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable. The maturity date of the note is April 1, 2024. As of June 30, 2024, the principal balance of the note had been paid in full.

B. 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	\$ 4,169,000	\$	\$4,169,000	\$	\$
Total Long-term Debt	\$ 4,169,000	\$ 0	\$ 4,169,000	\$ 0	\$ 0

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.

The county's contribution for FY 2022 was \$535,090, FY 2023 was \$493,077, and FY 2024 was \$439,583.

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 go to the Ky. Ret. Sys. insurance trust fund to be attributed to CERS's share of the assets in the fund.

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

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

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 CERS Board of Trustees 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 go to the Ky. Ret. Sys. insurance trust fund to be attributed to CERS's share of the assets in the 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 Trustees 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.

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%.

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

Note 7. Employee Retirement System (Continued)

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.

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.

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

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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>.

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.

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

Note 8. Deferred Compensation

The Caldwell 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. Health Reimbursement Account/Flexible Spending Account

The Caldwell County Fiscal Court established a flexible spending account to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides up to \$3,000 per year for employees who opt out of health insurance. The balance of the plan is \$32,041.

Note 10. Insurance

For the fiscal year ended June 30, 2024, the Caldwell County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2024, was added to the General Fund cash balance for financial reporting purposes.

Note 12. Tax Abatement

The occupational license tax and net profit tax was abated under the authority of the Caldwell County Fiscal Court. The Hydro-Gear Limited Partnership is eligible to receive this tax abatement due to an ordinance passed by the Caldwell County Fiscal Court. The taxes are abated by the county deciding to forego occupational license taxes and net profit taxes, which are otherwise due the county. Hydro-Gear Limited Partnership agreed to the following provision: The Caldwell County, Kentucky payroll tax with respect to the new employees at the facility shall be reduced from 1.5% to 1.0% for up to a period of ten years. Hydro-Gear's expansion of the facility was further conditioned upon Hydro-Gear receiving for a period of five years an amount equal to one-third (1/3) of the net profits tax paid by Hydro-Gear with respect to profits directly attributable to the expansion of the facility and newly created jobs. Hydro-Gear's expansion of the facility was further conditioned upon the contribution of \$20,000 to be paid by the Princeton-Caldwell County Industrial Development Authority and the Lake Barkley Economic Partnership to offset training costs incurred by the company with respect to newly created jobs at the facility.

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

Note 12. Tax Abatement (Continued)

The reduction of the payroll tax pursuant to this provision is intended to constitute “local participation” so as to allow Hydro-Gear to receive tax incentives from the Commonwealth of Kentucky through the Kentucky Business Investment program of up to 4% of the gross wages associated with the newly created jobs (KRS 154.32-010 to KRS 154.32-100). For fiscal year ended June 30, 2024, the Caldwell County Fiscal Court abated occupational license taxes and net profit taxes totaling \$0.

Note 13. Prior Period Adjustments

	General Fund	Local Government Economic Assistance Fund	Sheriff Fund
Ending Fund Balance Prior Year	\$ 3,570,735	\$ 55,980	\$ 223,934
Adjustment:			
Prior Year Voided Checks	270	431	
Prior Year Error	70,389		(70,389)
Beginning Fund Balance - Restated	<u>\$ 3,641,394</u>	<u>\$ 56,411</u>	<u>\$ 153,545</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CALDWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

CALDWELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,808,000	\$ 3,808,000	\$ 4,445,581	\$ 637,581
In Lieu Tax Payments	38,000	38,000	43,112	5,112
Excess Fees	75,000	75,000	109,152	34,152
Licenses and Permits	34,000	34,000	50,344	16,344
Intergovernmental	328,050	819,150	757,015	(62,135)
Miscellaneous	77,555	77,555	126,056	48,501
Interest	90,002	90,002	226,524	136,522
Total Receipts	4,450,607	4,941,707	5,757,784	816,077
DISBURSEMENTS				
General Government	972,322	1,303,167	1,093,491	209,676
Protection to Persons and Property	1,009,992	1,218,374	1,143,845	74,529
General Health and Sanitation	165,322	165,352	119,364	45,988
Social Services	8,100	8,100	7,900	200
Recreation and Culture	55,500	65,500	65,500	
Airports	10,000	11,408	11,408	
Administration	705,871	1,570,439	510,281	1,060,158
Total Disbursements	2,927,107	4,342,340	2,951,789	1,390,551
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,523,500	599,367	2,805,995	2,206,628
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	625,000	625,000	625,000	
Transfers To Other Funds	(2,148,500)	(2,148,500)	(2,726,213)	(577,713)
Total Other Adjustments to Cash (Uses)	(1,523,500)	(1,523,500)	(2,101,213)	(577,713)
Net Change in Fund Balance		(924,133)	704,782	1,628,915
Fund Balance - Beginning (Restated)		1,000,000	3,641,394	2,641,394
Fund Balance - Ending	\$ 0	\$ 75,867	\$ 4,346,176	\$ 4,270,309

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,736,413	\$ 2,049,068	\$ 1,638,122	\$ (410,946)
Miscellaneous	5,500	5,500	7,058	1,558
Interest	30,000	30,000	31,393	1,393
Total Receipts	1,771,913	2,084,568	1,676,573	(407,995)
DISBURSEMENTS				
Roads	1,871,257	1,971,995	1,563,871	408,124
Administration	310,656	301,389	246,268	55,121
Total Disbursements	2,181,913	2,273,384	1,810,139	463,245
Net Change in Fund Balance	(410,000)	(188,816)	(133,566)	55,250
Fund Balance - Beginning	410,000	188,816	188,816	
Fund Balance - Ending	\$ 0	\$ 0	\$ 55,250	\$ 55,250

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

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 96,700	\$ 96,700	\$ 96,753	\$ 53
Charges for Services	60,000	60,000	71,572	11,572
Miscellaneous	607	607	10,552	9,945
Interest	50	50	852	802
Total Receipts	157,357	157,357	179,729	22,372
DISBURSEMENTS				
Protection to Persons and Property	812,686	887,676	759,153	128,523
Administration	354,671	353,694	281,346	72,348
Total Disbursements	1,167,357	1,241,370	1,040,499	200,871
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,010,000)	(1,084,013)	(860,770)	223,243
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	910,000	910,000	824,013	(85,987)
Total Other Adjustments to Cash (Uses)	910,000	910,000	824,013	(85,987)
Net Change in Fund Balance	(100,000)	(174,013)	(36,757)	137,256
Fund Balance - Beginning	100,000	100,000	86,380	(13,620)
Fund Balance - Ending	\$ 0	\$ (74,013)	\$ 49,623	\$ 123,636

CALDWELL 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	\$ 130,000	\$ 130,000	\$ 299,993	\$ 169,993
Interest			1,465	1,465
Total Receipts	130,000	130,000	301,458	171,458
DISBURSEMENTS				
Protection to Persons and Property	150,000	175,000	175,000	
Social Services	3,500	3,633	2,633	1,000
Administration	11,500	7,094		7,094
Total Disbursements	165,000	185,727	177,633	8,094
Net Change in Fund Balance	(35,000)	(55,727)	123,825	179,552
Fund Balance - Beginning (Restated)	35,000	55,727	56,411	684
Fund Balance - Ending	\$ 0	\$ 0	\$ 180,236	\$ 180,236

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

SHERIFF FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 396,900	\$ 396,900	\$ 339,289	\$ (57,611)
Interest			757	757
Total Receipts	396,900	396,900	340,046	(56,854)
DISBURSEMENTS				
General Government	849,664	859,629	668,503	191,126
Administration	432,736	476,316	274,533	201,783
Total Disbursements	1,282,400	1,335,945	943,036	392,909
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(885,500)	(939,045)	(602,990)	336,055
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	785,500	785,500	500,000	(285,500)
Total Other Adjustments to Cash (Uses)	785,500	785,500	500,000	(285,500)
Net Change in Fund Balance	(100,000)	(153,545)	(102,990)	50,555
Fund Balance - Beginning (Restated)	100,000	153,545	153,545	
Fund Balance - Ending	\$ 0	\$ 0	\$ 50,555	\$ 50,555

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

COUNTY CLERK STORAGE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 16,000	\$ 16,000	\$ 16,500	\$ 500
Interest	25	25	260	235
Total Receipts	16,025	16,025	16,760	735
DISBURSEMENTS				
General Government	30,169	30,169	4,781	25,388
Total Disbursements	30,169	30,169	4,781	25,388
Net Change in Fund Balance	(14,144)	(14,144)	11,979	26,123
Fund Balance - Beginning	14,144	14,144	15,316	1,172
Fund Balance - Ending	\$ 0	\$ 0	\$ 27,295	\$ 27,295

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

SHELTER FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 2,400	\$ 400
Charges for Services	10,000	10,000	11,517	1,517
Miscellaneous	27,962	27,962	22,316	(5,646)
Total Receipts	39,962	39,962	36,233	(3,729)
DISBURSEMENTS				
General Health and Sanitation	106,497	106,129	91,137	14,992
Administration	11,465	11,833	11,160	673
Total Disbursements	117,962	117,962	102,297	15,665
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(78,000)	(78,000)	(66,064)	11,936
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	78,000	78,000	79,212	1,212
Total Other Adjustments to Cash (Uses)	78,000	78,000	79,212	1,212
Net Change in Fund Balance			13,148	13,148
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 13,148	\$ 13,148

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

ESCROW BOND FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$	\$	\$ 12	\$ 12
Interest	89,983	89,983	136,491	46,508
Total Receipts	89,983	89,983	136,503	46,520
DISBURSEMENTS				
Protection to Persons and Property		1,417	1,399	18
General Health and Sanitation		12	12	
Debt Service	4,231,535	4,231,535	4,231,535	
Total Disbursements	4,231,535	4,232,964	4,232,946	18
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,141,552)	(4,142,981)	(4,096,443)	46,538
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	375,000	375,000	1,322,988	947,988
Total Other Adjustments to Cash (Uses)	375,000	375,000	1,322,988	947,988
Net Change in Fund Balance	(3,766,552)	(3,767,981)	(2,773,455)	994,526
Fund Balance - Beginning	3,766,552	3,766,552	3,774,434	7,882
Fund Balance - Ending	\$ 0	\$ (1,429)	\$ 1,000,979	\$ 1,002,408

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

OPIOIDS FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 25,000	\$ 25,000	\$ 97,236	\$ 72,236
Interest	25	25	1,313	1,288
Total Receipts	25,025	25,025	98,549	73,524
DISBURSEMENTS				
Administration	91,596	91,596		91,596
Total Disbursements	91,596	91,596		91,596
Net Change in Fund Balance	(66,571)	(66,571)	98,549	165,120
Fund Balance - Beginning	66,571	66,571	66,571	
Fund Balance - Ending	\$ 0	\$ 0	\$ 165,120	\$ 165,120

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

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$ 33,500	\$ 33,500	\$ 69,951	\$ 36,451
Total Receipts	33,500	33,500	69,951	36,451
DISBURSEMENTS				
Capital Projects	750,000	750,000	56,207	693,793
Administration	216,413	216,413	9,148	207,265
Total Disbursements	966,413	966,413	65,355	901,058
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(932,913)	(932,913)	4,596	937,509
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(625,000)	(625,000)	(625,000)	
Total Other Adjustments to Cash (Uses)	(625,000)	(625,000)	(625,000)	
Net Change in Fund Balance	(1,557,913)	(1,557,913)	(620,404)	937,509
Fund Balance - Beginning	1,557,913	1,557,913	1,546,006	(11,907)
Fund Balance - Ending	\$ 0	\$ 0	\$ 925,602	\$ 925,602

CALDWELL 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. Reconciliation of the General Fund

Total Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (2,101,213)
To adjust for Payroll Revolving Account	<u>10,743</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u><u>\$ (2,090,470)</u></u>
 Fund Balance - Ending - Budgetary Basis	 \$ 4,346,176
To adjust for Payroll Revolving Account	<u>10,743</u>
Total Fund Balance - Ending - Regulatory Basis	<u><u>\$ 4,356,919</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

CALDWELL COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

CALDWELL 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	\$ 448,422	\$	\$	\$ 448,422
Buildings and Building Improvements*	6,463,531			6,463,531
Vehicles & Other Equipment*	4,105,595	61,208		4,166,803
Infrastructure	8,395,129	711,782		9,106,911
Total Capital Assets	<u>\$ 19,412,677</u>	<u>\$ 772,990</u>	<u>\$ 0</u>	<u>\$ 20,185,667</u>

CALDWELL 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 Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

Note 2. Restatement of Beginning Capital Assets Balance

The following capital asset category beginning balances were restated as follows:

	Buildings	Vehicles & Other Equipment
Prior Year Ending Balance	\$ 6,359,727	\$ 3,664,756
Prior Year Error	103,804	440,839
Beginning Balances Restated	<u>\$ 6,463,531</u>	<u>\$ 4,105,595</u>

**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***

THIS PAGE LEFT BLANK INTENTIONALLY



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 William Young, Caldwell County Judge/Executive
Members of the Caldwell 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 Caldwell County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Caldwell County Fiscal Court's financial statement and have issued our report thereon dated August 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Caldwell 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 Caldwell County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Caldwell 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 and another deficiency that we consider to be a significant deficiency.

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, and 2024-003 to be material weaknesses.



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

Report on Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2024-004 to be a significant deficiency.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Caldwell 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, and 2024-003.

Views of Responsible Officials and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Caldwell 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

August 6, 2025

**CALDWELL COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

**CALDWELL COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS:

2024-001 The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2023-004. During fiscal year 2024, the Caldwell County Fiscal Court had material weaknesses and noncompliances over disbursements. The following findings were noted:

- The Caldwell County Fiscal Court’s purchase order system did not function as designed. Some purchase orders were issued after the purchases had been made and the invoices were received, and some disbursements were made without purchase orders having been issued at all. We tested 42 transactions totaling \$1,638,499, and noted the following:
 - Purchase orders were not issued for 13 disbursements totaling \$211,432.
 - Purchase orders for 19 disbursements totaling \$1,120,302 were not issued until after the expenses had already been incurred and the invoices received.
- Itemized invoices were not maintained for four credit card purchases totaling \$184.
- Four instances were noted in which original invoices were not maintained for credit card purchases totaling \$246.
- Two credit card disbursements included valet parking fees totaling \$106. Valet parking fees are not allowable per the county’s administrative code.
- The county did not adhere to bidding requirements for gasoline and diesel in which the total amount paid to the vendor exceeded \$30,000.

The fiscal court failed to establish appropriate internal controls over disbursements. Consequently, the issues noted above could result in overspent line-items, claims being paid that are not valid obligations of the fiscal court, misappropriation of assets, inaccurate financial reporting, and problems with cash flow. Furthermore, the fiscal court’s failure to establish effective internal controls over disbursements resulted in instances of noncompliance with state laws and regulations and county policies.

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.” An effective purchase order system, along with the retention and review of adequate supporting documentation for all disbursements and credit card transactions, are basic internal controls necessary to ensure the accuracy and reliability of financial reports. Moreover, implementation of strong internal controls over disbursements is necessary to prevent overspent line-items, claims being paid that are not valid obligations of the fiscal court, misappropriation of assets, and problems with cash flow.

Additionally, KRS 68.210 gives the State Local Finance Officer the authority to prescribe a system of uniform accounts. The Department for Local Government’s (DLG’s) *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for counties’ handling of public funds, including required purchasing procedures for counties.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-001 The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Disbursements (Continued)

According to a memorandum from the DLG dated August 4, 2016, “[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county’s budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*.” Furthermore, DLG highly recommends that counties accept the practice of issuing purchase orders for payroll and utility claims.

In addition to state laws and regulations, the Caldwell County Fiscal Court has also established its own policies regarding disbursements. Section 5.65 of the Caldwell County Administrative Code states, “[s]ubject to budgetary limitations, any officer or employee of the County incurring expenses for approved travel on behalf of the County shall be reimbursed for allowable out-of-County travel expenses as follows...Expenses shall be necessary and reasonable. No expenses shall be reimbursed which are not directly related to job related purposes or other County business purpose. Receipts or notarized statements are required. Valet parking will not be reimbursed.”

Furthermore, the Caldwell County Administrative Code section 8.2 (C.) states that “[a]ny expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than thirty thousand dollars (\$30,000) shall be subject to competitive bidding.”

We recommend the Caldwell County Fiscal Court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to purchases being made. We also recommend that disbursements be supported by original invoices and itemized receipts and that travel related disbursements adhere to county policies. Lastly, we recommend that bids be solicited for goods and services in accordance with state laws and regulations and county policies.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Administration has amended operating procedures and invested in new accounting software to ensure full compliance with state purchasing requirements and county policies. The new software became operational as of July 1, 2025.

2024-002 The Caldwell County Jailer Lacks Effective Management Oversight Of The Jail Commissary

This is a repeat finding and was included in the prior year audit report as finding 2023-006. The Caldwell County Jailer lacks effective management oversight of the jail commissary. For fiscal year 2024, accounting duties were not adequately segregated; and, while it appeared that the jailer and staff reviewed each monthly report created by the accounting software, there was no documentation to show that those reports were compared to the monthly bank statements and reconciled. Therefore, it appeared that the bank statements were not reconciled to underlying accounting records such as the receipts and disbursements ledgers. Additionally, disbursements were allowed to be made with a debit card.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-002 The Caldwell County Jailer Lacks Effective Management Oversight Of The Jail Commissary
 (Continued)

According to staff, the lack of segregation of duties is caused by a limited number of staff and the diversity of operations. Also, according to staff, the bank statements were not reconciled to the ledgers due to issues with the old accounting software that made monthly bank reconciliations difficult. And debit cards were allowed to be used for purchases because the jailer was unaware of the risks and vulnerabilities created by such transactions.

Ineffective management oversight of the jail commissary resulted in the jailer's Annual Commissary Report being misstated. Additionally, the lack of segregation of duties, lack of proper bank reconciliations, and allowance of debit card use increases the risk of misappropriation of assets.

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." Proper segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Moreover, effective management oversight that restricts the use of debit cards and requires the bank statements be reconciled to the ledgers is vital in protecting the entity's assets from misappropriation.

We recommend the Caldwell County Jailer establish adequate segregation of duties. If segregation of duties is not feasible due to budget constraints, we recommend the jailer implement effective compensating controls and strong management oversight. We recommend that, each month, the jailer require the bank statements be reconciled to underlying accounting records, such as the receipts and disbursements ledgers, to ensure that all transactions have been accurately recorded; and we recommend the jailer ensure that all reconciliations are thoroughly reviewed. We further recommend the jailer discontinue the use of debit cards and pay all disbursements by check.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: In an attempt to better separate duties we have begun training more supervisors to fill financial duties.

2024-003 The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Receipts
 Collected At The Animal Shelter

The Caldwell County Fiscal Court does not have adequate controls over receipts collected at the animal shelter. Cash and checks are collected from customers at the animal shelter for pet adoptions, owner releases/reclaims, and donations. However, a daily receipts log is not maintained, pre-numbered receipts are not issued to the customers, and daily checkout procedures are not performed.

Internal controls over receipts collected at the animal shelter are not sufficient due to a lack of an understanding of proper accounting practices and procedures. A lack of internal controls over receipts collected at the animal shelter increases the risk of material misstatement and could also lead to misappropriation of assets.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-003 The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Receipts Collected At The Animal Shelter (Continued)

KRS 64.840(1) states, “[e]xcept for taxes collected on behalf of the state for which standard receipt forms had been supplied by the state prior to 1974, all county officials shall, upon the receipt of any fine, forfeiture, tax, or fee, prepare a receipt that meets the specification of the state local finance officer, if the fine, forfeiture, tax, or fee is paid:

- (a) In cash;
- (b) By a party appearing in person to pay; or
- (c) By check, credit card, or debit card account received through the mail, if the party includes an addressed, postage-paid return envelope and a request for receipt.”

Additionally, KRS 64.840(2) states, “[o]ne (1) copy of the receipt shall be given to the person paying the fine, forfeiture, tax, or fee and one (1) copy shall be retained by the official for his own records. One (1) copy of the receipt shall be retained by the official to be placed with the daily deposit.”

Moreover, 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.” Issuing three-part receipts and performing daily checkout procedures are basic internal controls necessary to ensure the accuracy and reliability of financial reports, and to protect against misappropriation of assets.

We recommend the Caldwell County Fiscal Court implement internal controls over receipts collected at the animal shelter by requiring receipts be issued in triplicate in accordance with KRS 64.840. We further recommend the fiscal court require daily checkout procedures be performed and require checkout sheets be turned over to the county treasurer.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Administration has amended operating procedures to require receipts be issued in triplicate, and to require daily turnover of monies received to Treasurer.

2024-004 The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Payroll Processing

The Caldwell County Fiscal Court lacks adequate controls over payroll and timekeeping processes. During the course of payroll testing the following issues were noted:

- One employee was not required to keep a timesheet.
- The fiscal court did not approve the jailer’s salary by resolution as required by KRS 441.245.

According to staff, the county was unaware the employee was required to keep a timesheet because the employee is also paid by the city. County officials were also unaware that a resolution was required to set the jailer’s salary.

The lack of effective internal controls over payroll opens the county up to being vulnerable to fraud related to payroll expenses. There is also a heightened risk that employees could be compensated incorrectly.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-004 The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Payroll Processing (Continued)

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.” Review and approval of timesheets and payroll summaries are basic internal controls necessary to ensure the accuracy and reliability of the payroll process and financial reports.

KRS 337.320(1) states, “[e]very employer shall keep a record of:

- (a) The amount paid each pay period to each employee;
- (b) The hours worked each day and each week by each employee; and
- (c) Such other information as the commissioner requires.”

KRS 441.245(3)(b)(1) states, “[b]y May 1 of each year, the fiscal court shall pass a resolution detailing: a. The duties to be performed by the jailer in the upcoming fiscal year; and b. The compensation for the jailer for the upcoming fiscal year, including any cost-of-living adjustments according to the provisions of KRS 64.527.”

We recommend the fiscal court pass a resolution each year detailing the duties to be performed by the jailer and their compensation. We also recommend the fiscal court strengthen internal controls over the timekeeping function by requiring timesheets be maintained for all employees and that they be compared to payroll summary reports to ensure employees receive the accurate amount of wages.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Administration will ensure annual approval of resolution affirming Jailer’s salary as required by KRS 441.245. Further, County Fire Chief compensation has been addressed through amendment of annual City/County Fire Department Interlocal Agreement.

THIS PAGE LEFT BLANK INTENTIONALLY

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

CALDWELL COUNTY FISCAL COURT

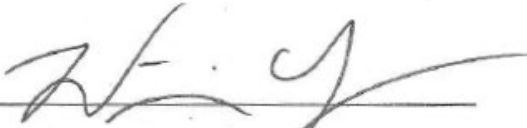
For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Caldwell 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.

A handwritten signature in black ink, appearing to be "R. J.", written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, appearing to be "W. S.", written over a horizontal line.

County Treasurer