REPORT OF THE AUDIT OF THE CALLOWAY COUNTY FISCAL COURT

For The Year Ended
June 30, 2024

ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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CONTENTS PAGE

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Kenneth C. Imes, Calloway County Judge/Executive
Members of the Calloway 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 Calloway County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Calloway 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 Calloway 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 Calloway 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 Calloway 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.

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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 Calloway 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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Calloway 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 Calloway 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2026, on our consideration of the Calloway 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 Calloway 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 finding:

2024-001 The Calloway County Fiscal Court Failed To Implement Effective Internal Controls Over Disbursements

Respectfully submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 22, 2026

CALLOWAY COUNTY OFFICIALS

For The Year Ended June 30, 2024

Fiscal Court Members:

Kenneth C. Imes	County Judge/Executive
Ricky Stewart	Magistrate
Larry Crutcher	Magistrate
Don Cherry	Magistrate
Paul Rister	Magistrate

Other Elected Officials:

K. Bryan Ernstberger	County Attorney
Kenneth Claud	Jailer
Antonia Faulkner	County Clerk
Melinda Starks	Circuit Court Clerk
Nicky Knight	Sheriff
Nikki Crouch	Property Valuation Administrator
Ricky Garland	Coroner

Appointed Personnel:

Tonya Robinson	County Treasurer
Gina Winchester	Deputy Judge/Executive

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

For The Year Ended June 30, 2024

CALLOWAY 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	$ 5,106,314	$ 942,396	$
In Lieu Tax Payments	135,816		
Excess Fees	422,450		
Licenses and Permits	66,028		
Intergovernmental	823,092	2,215,993	1,447,662
Charges for Services	73,477		301,904
Miscellaneous	177,506	147,765	65,287
Interest	90,281	17,135	7,926
Total Receipts	6,894,964	3,323,289	1,822,779
DISBURSEMENTS			
General Government	3,640,521		
Protection to Persons and Property	87,872		2,231,717
General Health and Sanitation	337,595		
Social Services	27,904		
Recreation and Culture	468,746		
Roads		3,742,331	
Debt Service	4,587	119,927	
Capital Projects	7,500	479,215	
Administration	477,067	454,371	824,555
Total Disbursements	5,051,792	4,795,844	3,056,272
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,843,172	(1,472,555)	(1,233,493)
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds	5,676		
Transfers From Other Funds		1,900,000	1,056,467
Transfers To Other Funds	(2,949,000)	(942,317)	
Total Other Adjustments to Cash (Uses)	(2,943,324)	957,683	1,056,467
Net Change in Fund Balance	(1,100,152)	(514,872)	(177,026)
Fund Balance - Beginning (Restated)	3,477,739	755,398	334,699
Fund Balance - Ending	$ 2,377,587	$ 240,526	$ 157,673
Composition of Fund Balance			
Bank Balance	$ 2,409,309	$ 241,181	$ 192,900
Less: Outstanding Checks	(31,722)	(655)	(35,227)
Fund Balance - Ending	$ 2,377,587	$ 240,526	$ 157,673

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

CALLOWAY 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	Jail Grant Fund	Jail Construction Fund	E911 Fund	County Clerk Fund	American Rescue Plan Act Fund	Opioid Fund
$	$	$ 10,150	$ 774,149	$	$	$
3,929						
			595	55,600	13,600	12,907
	32,705	935	17,298	1,084	35,375	361
3,929	32,705	11,085	792,042	56,684	48,975	13,268
				24,369	10,000	
			443,135			
3,929					592,370	
					1,303,568	
			149,645		13,600	
3,929			592,780	24,369	1,919,538	
	32,705	11,085	199,262	32,315	(1,870,563)	13,268
		(7,467)				
		(7,467)				
	32,705	3,618	199,262	32,315	(1,870,563)	13,268
	1,455,680	42,434	725,213	37,692	2,831,102	12,617
$ 0	$ 1,488,385	$ 46,052	$ 924,475	$ 70,007	$ 960,539	$ 25,885
$	$ 1,488,385	$ 46,052	$ 926,144	$ 70,007	$ 960,539	$ 25,885
			(1,669)			
$ 0	$ 1,488,385	$ 46,052	$ 924,475	$ 70,007	$ 960,539	$ 25,885

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

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

	Budgeted Fund	Unbudgeted Fund	
	Auto Tax Fund	Jail Commissary Fund	Total Funds
RECEIPTS			
Taxes	$ 98	$	$ 6,833,107
In Lieu Tax Payments			135,816
Excess Fees			422,450
Licenses and Permits			66,028
Intergovernmental			4,490,676
Charges for Services			375,381
Miscellaneous		149,258	622,518
Interest	2,046	2,446	207,592
Total Receipts	2,144	151,704	13,153,568
DISBURSEMENTS			
General Government			3,674,890
Protection to Persons and Property			2,762,724
General Health and Sanitation			337,595
Social Services			27,904
Recreation and Culture		135,820	604,566
Roads			4,338,630
Debt Service			124,514
Capital Projects			1,790,283
Administration			1,919,238
Total Disbursements		135,820	15,580,344
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	2,144	15,884	(2,426,776)
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds			5,676
Transfers From Other Funds	942,317		3,898,784
Transfers To Other Funds			(3,898,784)
Total Other Adjustments to Cash (Uses)	942,317		5,676
Net Change in Fund Balance	944,461	15,884	(2,421,100)
Fund Balance - Beginning (Restated)		78,401	9,750,975
Fund Balance - Ending	$ 944,461	$ 94,285	$ 7,329,875
Composition of Fund Balance			
Bank Balance	$ 944,461	$ 94,818	$ 7,399,681
Less: Outstanding Checks		(533)	(69,806)
Fund Balance - Ending	$ 944,461	$ 94,285	$ 7,329,875

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

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

CALLOWAY COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

<u>Budgeted Funds</u> (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.

Jail Grant Fund - This fund was established to isolate state grant proceeds intended to offset construction costs of the county jail. These funds and associated earnings are intended to be used for future repayments of jail debt.

Jail Construction Fund - The primary purpose of this fund is to account for tax revenues generated for the payment of the new jail. Debt payments were transferred to the public properties corporation for payment, but the jail debt has since been paid in full.

E911 Fund - The primary purpose of this fund is to account for dispatch services of the county. The primary sources of receipts for this fund are 911 fees.

County Clerk 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.

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

Opioid Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crisis. Receipts of this fund are received from the state as a result of the state's agreement with major opioid manufacturers and distributors.

Auto Tax Fund - The primary purpose of this fund is to account for the tax revenues generated on auto insurance premiums.

<u>Unbudgeted Fund</u>

The fiscal court reports the following unbudgeted fund:

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.

CALLOWAY 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. Calloway County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Calloway 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 Calloway 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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Obligations and Joint Ventures

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

Industrial Development Authority	South 641 Water District
Fire Departments	Almo/Dexter Water District
Lynn Grove Water District	Water District #2
Conservation District	Library
Health Department	Extension District

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representatives from each of the governments that created the organizations but are not joint ventures because the participants do not retain an ongoing financial interest or responsibility. Based on this criteria, the following are considered jointly governed organizations of the Calloway County Fiscal Court:

Murray-Calloway County Economic Development Corporation	Murray-Calloway County Park
Murray-Calloway County Senior Citizens Center	Airport
Murray-Calloway County Transit Authority	

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. The Calloway County Fiscal Court entered an interlocal agreement with City of Murray for operation of Murray-Calloway County Hospital.

Murray-Calloway County Hospital is a corporation that is equally owned by the City of Murray, Kentucky and the County of Calloway, Kentucky, they have equal ownership rights and being the exclusive members of the corporation.

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.

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

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

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

Note 3. Transfers

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

	General Fund	Road Fund	Jail Construction Fund	Total Transfers In
Road Fund	$ 1,900,000	$	$	$ 1,900,000
Jail Fund	1,049,000		7,467	1,056,467
Auto Tax Fund		942,317		942,317
Total Transfers Out	$ 2,949,000	$ 942,317	$ 7,467	$ 3,898,784

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 $360,680.

Note 5. Leases

1. Lessor

A. Administrative Office of the Courts

On July 1, 2023, Calloway County started leasing office space to Administrative Office of the Courts (AOC). This tenant shall have the option to renew the term of this lease each year. Calloway County recognized $27,607 in lease revenue during the current fiscal year related to the lease. As of June 30, 2024, Calloway County's receivable for lease payments has been satisfied.

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

Note 5. Leases (Continued)

2. Lessee

A. General Fund – Copier

On September 18, 2018, Calloway County entered into a five-year lease agreement as lessee for the acquisition and use of office equipment. Calloway County paid $292 in lease payments during the current fiscal year. As of June 30, 2024, the lease payments have been satisfied.

B. Road Department – Copier

On August 30, 2022, Calloway County entered into a five-year lease agreement as lessee for the acquisition and use of office equipment. Calloway County paid $792 in lease payments during the current fiscal year in monthly payments of $66. As of June 30, 2024, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2025	$ 792
2026	792
2027	792
Total	$ 2,376

C. Judge Office – Copier

Calloway County entered into a lease agreement as lessee for the acquisition and use of office equipment. Calloway County paid $170 in lease payments during the current fiscal year. As of June 30, 2024, lease payments had been satisfied.

Note 6. Subscription-Based Information Technology Arrangements (SBITA)

A. SBITA – Accounting Subscription

Calloway County entered into a subscription-based information technology arrangement for accounting software in the finance department. The subscription terms are twenty years totaling $44,985, and Calloway County will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was $0.

B. SBITA – Timekeeping Subscription

Calloway County entered into a subscription-based information technology arrangement for timekeeping software. The subscription terms are three years totaling $5,362, and Calloway County will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was $1,787. Calloway County is required to make monthly payments of $149. The future subscription payments are:

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

Note 6. Subscription-Based Information Technology Arrangements (SBITA) (Continued)

B SBITA – Timekeeping Subscription (Continued)

Fiscal Year Ended June 30	Amount
2025	$ 1,787
Total	$ 1,787

C. SBITA – Emergency Notification Subscription

Calloway County entered into a subscription-based information technology arrangement for a mass emergency notification system. The subscription terms are five years totaling $47,500, and Calloway County will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was $28,500. Calloway County is required to make yearly payments of $9,500. Future subscription payments are:

Fiscal Year Ended June 30	Amount
2025	$ 9,500
2026	9,500
2027	9,500
Total	$ 28,500

D. SBITA – Voter Election Verification Subscription

Calloway County entered into a subscription-based information technology arrangement for a voter election verification system. The subscription terms are three years totaling $14,175, and Calloway County will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was $4,725. Calloway County is required to make yearly payments of $4,725. Future subscription payments are:

Fiscal Year Ended June 30	Amount
2025	$ 4,725
Total	$ 4,725

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

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Tractors

On July 18, 2018, the fiscal court entered into an agreement with Kentucky Association of Counties Leasing Trust, through PNC Bank in the amount of $370,000 at a 4.30 percent effective interest rate. The financing obligation is for the purpose of purchasing four tractors, which will be used to secure the loan. The maturity date of the obligation is August 20, 2023. As of June 30, 2024, Calloway County was in compliance with the terms of this agreement. The principal balance as of June 30, 2024, was $0.

2. Graders

On June 25, 2020, the fiscal court entered into an agreement with Kentucky Association of Counties Leasing Trust, through PNC Bank in the amount of $498,234 at a 2.66 percent effective interest rate. The financing obligation is for the purpose of purchasing two graders, which will be used to secure the loan. The maturity date of the obligation is June 20, 2025. As of June 30, 2024, Calloway County was in compliance with the terms of this agreement. The principal balance as of June 30, 2024, was $104,440. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 104,440	$ 1,511
Totals	$ 104,440	$ 1,511

3. Toshiba Copiers

On September 21, 2023, the fiscal court entered into an agreement with Howard D Happy in the amount of $5,676. The financing obligation is for the purpose of purchasing copiers, which will be used to secure the loan. The maturity date of the obligation is September 21, 2024. As of June 30, 2024, Calloway County was in compliance with the terms of this agreement. The principal balance as of June 30, 2024, was $1,089. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 1,089	$
Totals	$ 1,089	$ 0

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

Note 7. Long-term Debt (Continued)

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	$ 220,041	$ 5,676	$ 120,188	$ 105,529	$ 105,529
Total Long-term Debt	$ 220,041	$ 5,676	$ 120,188	$ 105,529	$ 105,529

C. Aggregate Debt Schedule

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

	Direct Borrowings and Direct Placements	
Fiscal Year Ended June 30	Principal	Interest
2025	$ 105,529	$ 1,511
Totals	$ 105,529	$ 1,511

Note 8. 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 $959,487, FY 2023 was $1,220,839, and FY 2024 was $724,788.

Nonhazardous

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

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

Note 8. 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%.

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.

Benefits are covered under KRS 78.5536.

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

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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.

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

F. 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 viewed 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.

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

Note 9. Deferred Compensation

On January 1, 1997, the Calloway 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 10. Health Reimbursement Account/Flexible Spending Account

The Calloway County Fiscal Court, offers their employees a health reimbursement account (HRA) that includes the benefit of the first $2,100 of claims for the year to be paid by the county. These claims are billed to the county by the county's insurance provider. The county also established a flexible spending account (FSA) to provide employees with an additional health benefit. Employees contribute to their FSA through payroll deductions. The county's insurance provider handles all claims.

Note 11. Insurance

For the fiscal year ended June 30, 2024, the Calloway 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 12. Related Party Transaction

The county judge/executive received surplus fill dirt from the county that was free to the public.

Note 13. Prior Period Adjustments

	General Fund	E911 Fund
Ending Prior Year Fund Balance	$ 3,477,431	$ 724,703
Adjustments:		
Prior Year Voided Checks	308	510
Beginning Fund Balance - Restated	$ 3,477,739	$ 725,213

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CALLOWAY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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CALLOWAY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 4,412,021	$ 4,412,021	$ 5,106,314	$ 694,293
In Lieu Tax Payments	112,700	112,700	135,816	23,116
Excess Fees	125,000	317,975	422,450	104,475
Licenses and Permits	65,800	65,800	66,028	228
Intergovernmental	603,618	758,208	823,092	64,884
Charges for Services	48,000	48,000	73,477	25,477
Miscellaneous	127,000	127,000	177,506	50,506
Interest	23,000	23,000	90,281	67,281
Total Receipts	5,517,139	5,864,704	6,894,964	1,030,260
DISBURSEMENTS				
General Government	3,497,608	3,922,286	3,640,521	281,765
Protection to Persons and Property	201,200	201,200	87,872	113,328
General Health and Sanitation	383,718	407,918	337,595	70,323
Social Services	29,600	29,600	27,904	1,696
Recreation and Culture	436,100	471,100	468,746	2,354
Debt Service		4,587	4,587	
Capital Projects	108,500	67,496	7,500	59,996
Administration	780,761	680,865	477,067	203,798
Total Disbursements	5,437,487	5,785,052	5,051,792	733,260
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	79,652	79,652	1,843,172	1,763,520
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			5,676	5,676
Transfers To Other Funds	(4,004,164)	(4,004,164)	(2,949,000)	1,055,164
Total Other Adjustments to Cash (Uses)	(4,004,164)	(4,004,164)	(2,943,324)	1,060,840
Net Change in Fund Balance	(3,924,512)	(3,924,512)	(1,100,152)	2,824,360
Fund Balance - Beginning (Restated)	3,924,512	3,924,512	3,477,739	(446,773)
Fund Balance - Ending	$ 0	$ 0	$ 2,377,587	$ 2,377,587

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 800,000	$ (142,317)	$ 942,396	$ 1,084,713
Intergovernmental	2,176,420	2,255,770	2,215,993	(39,777)
Miscellaneous	98,000	98,000	147,765	49,765
Interest	6,300	6,300	17,135	10,835
Total Receipts	3,080,720	2,217,753	3,323,289	1,105,536
DISBURSEMENTS				
Roads	5,442,949	5,459,564	3,742,331	1,717,233
Debt Service	120,000	120,000	119,927	73
Capital Projects	379,834	479,215	479,215	
Administration	728,100	691,454	454,371	237,083
Total Disbursements	6,670,883	6,750,233	4,795,844	1,954,389
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,590,163)	(4,532,480)	(1,472,555)	3,059,925
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,155,164	3,155,164	1,900,000	(1,255,164)
Transfers To Other Funds			(942,317)	(942,317)
Total Other Adjustments to Cash (Uses)	3,155,164	3,155,164	957,683	(2,197,481)
Net Change in Fund Balance	(434,999)	(1,377,316)	(514,872)	862,444
Fund Balance - Beginning	460,000	460,000	755,398	295,398
Fund Balance - Ending	$ 25,001	$ (917,316)	$ 240,526	$ 1,157,842

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 1,872,874	$ 1,916,892	$ 1,447,662	$ (469,230)
Charges for Services	408,100	408,100	301,904	(106,196)
Miscellaneous	95,304	95,304	65,287	(30,017)
Interest	3,500	3,500	7,926	4,426
Total Receipts	2,379,778	2,423,796	1,822,779	(601,017)
DISBURSEMENTS				
Protection to Persons and Property	2,374,422	2,433,853	2,231,717	202,136
Administration	1,004,356	988,943	824,555	164,388
Total Disbursements	3,378,778	3,422,796	3,056,272	366,524
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(999,000)	(999,000)	(1,233,493)	(234,493)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	849,000	849,000	1,056,467	207,467
Total Other Adjustments to Cash (Uses)	849,000	849,000	1,056,467	207,467
Net Change in Fund Balance	(150,000)	(150,000)	(177,026)	(27,026)
Fund Balance - Beginning	150,000	150,000	334,699	184,699
Fund Balance - Ending	$ 0	$ 0	$ 157,673	$ 157,673

CALLOWAY 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	$ 8,000	$ 8,000	$ 3,929	$ (4,071)
Total Receipts	8,000	8,000	3,929	(4,071)
DISBURSEMENTS				
Roads	8,000	8,000	3,929	4,071
Total Disbursements	8,000	8,000	3,929	4,071
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	$ 0	$ 0	$ 0	$ 0

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

	JAIL GRANT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	$ 17,100	$ 17,100	$ 32,705	$ 15,605
Total Receipts	17,100	17,100	32,705	15,605
DISBURSEMENTS				
Administration	1,469,980	1,469,980		1,469,980
Total Disbursements	1,469,980	1,469,980		1,469,980
Net Change in Fund Balance	(1,452,880)	(1,452,880)	32,705	1,485,585
Fund Balance - Beginning	1,452,880	1,452,880	1,455,680	2,800
Fund Balance - Ending	$ 0	$ 0	$ 1,488,385	$ 1,488,385

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

	JAIL CONSTRUCTION FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 10,200	$ 10,200	$ 10,150	$ (50)
Interest	600	600	935	335
Total Receipts	10,800	10,800	11,085	285
DISBURSEMENTS				
Debt Service	100	100		100
Administration	50,230	50,230		50,230
Total Disbursements	50,330	50,330		50,330
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(39,530)	(39,530)	11,085	50,615
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(7,467)	(7,467)
Total Other Adjustments to Cash (Uses)			(7,467)	(7,467)
Net Change in Fund Balance	(39,530)	(39,530)	3,618	43,148
Fund Balance - Beginning	39,530	39,530	42,434	2,904
Fund Balance - Ending	$ 0	$ 0	$ 46,052	$ 46,052

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

	E911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 730,000	$ 730,000	$ 774,149	$ 44,149
Intergovernmental	62,500	62,500		(62,500)
Miscellaneous	9,300	9,300	595	(8,705)
Interest	1,000	1,000	17,298	16,298
Total Receipts	802,800	802,800	792,042	(10,758)
DISBURSEMENTS				
Protection to Persons and Property	1,296,800	1,296,800	443,135	853,665
Administration	256,000	256,000	149,645	106,355
Total Disbursements	1,552,800	1,552,800	592,780	960,020
Net Change in Fund Balance	(750,000)	(750,000)	199,262	949,262
Fund Balance - Beginning (Restated)	750,000	750,000	725,213	(24,787)
Fund Balance - Ending	$ 0	$ 0	$ 924,475	$ 924,475

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

	COUNTY CLERK FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 56,500	$ 56,500	$ 55,600	$ (900)
Interest	150	150	1,084	934
Total Receipts	56,650	56,650	56,684	34
DISBURSEMENTS				
General Government	92,950	92,950	24,369	68,581
Total Disbursements	92,950	92,950	24,369	68,581
Net Change in Fund Balance	(36,300)	(36,300)	32,315	68,615
Fund Balance - Beginning	36,300	36,300	37,692	1,392
Fund Balance - Ending	$ 0	$ 0	$ 70,007	$ 70,007

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

	AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$	$	$ 13,600	$ 13,600
Interest	13,600	13,600	35,375	21,775
Total Receipts	13,600	13,600	48,975	35,375
DISBURSEMENTS				
General Government	10,000	10,000	10,000	
Roads	1,043,980	1,043,980	592,370	451,610
Capital Projects	1,293,561	1,304,561	1,303,568	993
Administration	501,199	490,199	13,600	476,599
Total Disbursements	2,848,740	2,848,740	1,919,538	929,202
Net Change in Fund Balance	(2,835,140)	(2,835,140)	(1,870,563)	964,577
Fund Balance - Beginning	2,825,140	2,825,140	2,831,102	5,962
Fund Balance - Ending	$ (10,000)	$ (10,000)	$ 960,539	$ 970,539

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

OPIOID FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 12,505	$ 12,505	$ 12,907	$ 402
Interest	204	204	361	157
Total Receipts	12,709	12,709	13,268	559
DISBURSEMENTS				
Administration	25,282	25,282		25,282
Total Disbursements	25,282	25,282		25,282
Net Change in Fund Balance	(12,573)	(12,573)	13,268	25,841
Fund Balance - Beginning	12,573	12,573	12,617	44
Fund Balance - Ending	$ 0	$ 0	$ 25,885	$ 25,885

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

	AUTO TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$	$ 941,317	$ 98	$ (941,219)
Interest		1,000	2,046	1,046
Total Receipts		942,317	2,144	(940,173)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		942,317	2,144	(940,173)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			942,317	942,317
Total Other Adjustments to Cash (Uses)			942,317	942,317
Net Change in Fund Balance		942,317	944,461	2,144
Fund Balance - Beginning				
Fund Balance - Ending	$ 0	$ 942,317	$ 944,461	$ 2,144

CALLOWAY 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.

CALLOWAY COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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CALLOWAY 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:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 2,789,727	$	$	$ 2,789,727
Buildings	10,007,227	142,400		10,149,627
Machinery & Equipment	4,022,405	249,206		4,271,611
Vehicles	1,486,583	63,750	5,520	1,544,813
Infrastructure	12,402,298	2,558,277		14,960,575
Total Capital Assets	$ 30,708,240	$ 3,013,633	$ 5,520	$ 33,716,353

CALLOWAY 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	Capitalize Only	
Land Improvements	$ 12,500	10-60
Buildings	$ 25,000	10-75
Building Improvements	$ 25,000	
Construction In Progress	Capitalize Only	
Vehicles	$ 20,000	3-25
Machinery and Equipment	$ 20,000	3-25
Infrastructure	$ 20,000	10-50

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Kenneth C. Imes, Calloway County Judge/Executive
Members of the Calloway 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 Calloway County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Calloway County Fiscal Court's financial statement and have issued our report thereon dated April 22, 2026.

Report on Internal Control Over Financial Reporting

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

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 deficiency described in the accompanying Schedule of Findings and Responses as item 2024-001 to be a material weakness.

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Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Calloway 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2024-001.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Calloway County's response to the finding 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

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 22, 2026

CALLOWAY COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2024

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CALLOWAY COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2024

FINANCIAL STATEMENT FINDING:

2024-001 The Calloway County Fiscal Court Failed To Implement Effective Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2023-002. The Calloway County Fiscal Court failed to implement effective internal controls over disbursements. During our testing of the disbursements of the Calloway County Fiscal Court, we noted the following issues:

- Fifty-eight disbursements totaling $4,292,099 had purchase orders that were issued after the expense had already been incurred.
- The county did not adhere to bidding requirements for a vehicle purchased when the total amount paid to the vendor exceeded $40,000.
- One invoice totaling $44,019 was not paid within 30 working days.
- Finance charges were incurred due to a credit card payment being late.
- Encumbrances were not reported on the fourth quarter financial statement.

According to staff, purchase orders are issued by the department heads and are typically dated when the invoices are received. Also, according to staff, the county did not advertise for bids for the vehicle purchased because it was believed that the item was being purchased at the state contract price. Additionally, one invoice was paid late due to oversight, and itemized receipts were not maintained for fuel transactions due to employees forgetting to obtain the printed receipts from the fuel pumps. Finally, encumbrances were not reported on the fourth quarter financial statement due to a lack of understanding of the county's new accounting software.

A lack of internal controls over disbursements could result in inaccurate financial reporting, misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court.

Additionally, failing to properly report encumbrances could cause the fiscal court to exceed available cash balances, which could result in negative fund balances. Moreover, the exclusion of encumbrances has caused the fourth quarter financial statement to be misstated.

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.

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.

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

FINANCIAL STATEMENT FINDING: (Continued)

2024-001 The Calloway County Fiscal Court Failed To Implement Effective Internal Controls Over Disbursements (Continued)

KRS 424.260(1) states, "[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for:
(a) Materials;
(b) Supplies, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits;
(c) Equipment; or
(d) Contractual services other than professional;
involving an expenditure of more than forty thousand dollars ($40,000) without first making newspaper advertisement for bids."

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

KRS 68.360(2) states, "[t]he county judge/executive shall, within fifteen (15) days after the end of each quarter of each fiscal year, prepare a statement showing for the current fiscal year to date actual receipts from each county revenue source, the totals of all encumbrances and expenditures charged against each budget fund, the unencumbered balance of the fund, and any transfers made to or from the fund." Furthermore, it is imperative that encumbrances be reported accurately so that sound financial decisions can be made.

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 is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Moreover, implementation of strong internal controls over disbursements is necessary to prevent misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court.

We recommend the Calloway County Fiscal Court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made. We also recommend the fiscal court comply with bidding requirements outlined by KRS 424.260. We also recommend the fiscal court comply with KRS 65.140 by ensuring all invoices are paid within 30 days. We recommend the fiscal court ensures all credit cards payments are made timely to prevent finance charges being incurred on late payments. Finally, we recommend the fiscal court ensures that any open purchase orders created before the end of the fiscal year be reported as encumbrances of the fourth quarter financial statement.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Calloway County Fiscal Court will strengthen internal controls in all areas that were recommended.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

CALLOWAY COUNTY FISCAL COURT

For The Year Ended June 30, 2024

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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

County Judge/Executive

Tonya Robinson

County Treasurer