

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

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



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

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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 Larry Wilson, Metcalfe County Judge/Executive
Members of the Metcalfe 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 Metcalfe County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Metcalfe 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 Metcalfe 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 Metcalfe 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 Metcalfe County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky
 The Honorable Andy Beshear, Governor
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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 Metcalfe 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

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

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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 Metcalfe 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 Metcalfe 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 June 17, 2025, on our consideration of the Metcalfe 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 Metcalfe 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 Metcalfe County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Statement
- 2024-002 The Metcalfe County Fiscal Court Did Not Have Strong Internal Controls Over Handling Of Disbursements
- 2024-003 The Metcalfe County Fiscal Court Did Not Accurately Report Debt On The Fourth Quarter Financial Statement Liabilities Schedule

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 17, 2025

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

Larry Wilson	County Judge/Executive
Harvey Hawkins	Magistrate
Kevin Crain	Magistrate
Daniel Bragg	Magistrate
Ronnie Miller	Magistrate

Other Elected Officials:

Sharon Howard	County Attorney
Randall Shive	Jailer
Shannon Fields	County Clerk
Tommy A. Garrett	Circuit Court Clerk
Lonnie Hodges	Sheriff
Michael Welsh	Property Valuation Administrator
Lee Ann Jones	Coroner

Appointed Personnel:

Page Edwards	County Treasurer
Winston Harbison	Chief Financial Officer

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

For The Year Ended June 30, 2024

METCALFE 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	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 1,579,349	\$	\$	\$
In Lieu Tax Payments	181,310			
Excess Fees	175,862			
Licenses and Permits	86,108			
Intergovernmental	174,396	1,487,359	91,262	6,262
Charges for Services				
Miscellaneous	338,590	7,579	3,071	
Interest	2,173	3,618	77	7
Total Receipts	<u>2,537,788</u>	<u>1,498,556</u>	<u>94,410</u>	<u>6,269</u>
DISBURSEMENTS				
General Government	1,106,609	47		22,226
Protection to Persons and Property	149,896		394,265	
General Health and Sanitation	198,732	15,235		
Social Services	9,600			1,625
Recreation and Culture	69			
Roads		1,208,411		
Debt Service	355,422			
Capital Projects	446,500			
Administration	696,540	258,965	25,858	5,149
Total Disbursements	<u>2,963,368</u>	<u>1,482,658</u>	<u>420,123</u>	<u>29,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(425,580)</u>	<u>15,898</u>	<u>(325,713)</u>	<u>(22,731)</u>
Other Adjustments to Cash (Uses)				
General Obligation Lease Proceeds	445,000			
Premium on General Obligation Lease	1,500			
Payroll Revolving Account	15,858			
Transfers From Other Funds			345,105	21,000
Transfers To Other Funds	(457,121)			
Total Other Adjustments to Cash (Uses)	<u>5,237</u>		<u>345,105</u>	<u>21,000</u>
Net Change in Fund Balance	(420,343)	15,898	19,392	(1,731)
Fund Balance - Beginning (Restated)	<u>999,611</u>	<u>993,848</u>	<u>504</u>	<u>7,209</u>
Fund Balance - Ending	<u>\$ 579,268</u>	<u>\$ 1,009,746</u>	<u>\$ 19,896</u>	<u>\$ 5,478</u>
Composition of Fund Balance				
Bank Balance	\$ 659,907	\$ 1,161,962	\$ 46,900	\$ 5,478
Payroll Revolving Account Reconciled Balance	15,858			
Less: Outstanding Checks	(96,497)	(152,216)	(27,004)	
Certificates of Deposit				
Fund Balance - Ending	<u>\$ 579,268</u>	<u>\$ 1,009,746</u>	<u>\$ 19,896</u>	<u>\$ 5,478</u>

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

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

Budgeted Funds							
State Grants Fund	Federal Grants Fund	Disaster and Emergency Services Fund	Ambulance Fund	Courthouse Construction Fund	Opioid Settlement Fund	Spay and Neuter Fund	Homeland Security Fund
\$	\$	\$	\$ 282,619	\$	\$	\$	\$
4,000	113,140	50,842	13,659		53,134	512	
356		13	5,034	754	145	1,000	1
4,356	113,140	50,855	301,312	754	53,279	1,513	1
5,504		88,534	136,864				
12,386			442,583			3,750	
					1,000		
	123,240	23,716					
17,890	123,240	112,250	579,447		1,000	3,750	
(13,534)	(10,100)	(61,395)	(278,135)	754	52,279	(2,237)	1
5,504		80,000	5,000			512	
5,504		80,000	5,000			512	
(8,030)	(10,100)	18,605	(273,135)	754	52,279	(1,725)	1
151,562	345,954	11,028	1,201,634	508	49,079	2,019	1,509
\$ 143,532	\$ 335,854	\$ 29,633	\$ 928,499	\$ 1,262	\$ 101,358	\$ 294	\$ 1,510
\$ 143,982	\$ 344,854	\$ 38,091	\$ 135,740	\$ 29,402	\$ 101,358	\$ 1,394	\$ 1,510
(450)	(9,000)	(8,458)	792,759	(28,140)		(1,100)	
\$ 143,532	\$ 335,854	\$ 29,633	\$ 928,499	\$ 1,262	\$ 101,358	\$ 294	\$ 1,510

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

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

	<u>Budgeted Funds</u>		<u>Unbudgeted Fund</u>	
	<u>American Rescue Plan Act (ARPA) Fund</u>	<u>County Clerk Storage Fee Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$	\$	\$	\$ 1,861,968
In Lieu Tax Payments				181,310
Excess Fees				175,862
Licenses and Permits				86,108
Intergovernmental				1,941,432
Charges for Services				53,134
Miscellaneous		17,158		367,398
Interest	1	20		12,200
Total Receipts	1	17,178		4,679,412
DISBURSEMENTS				
General Government		8,580		1,274,326
Protection to Persons and Property				1,080,782
General Health and Sanitation				230,103
Social Services				12,225
Recreation and Culture				69
Roads				1,208,411
Debt Service				355,422
Capital Projects				569,740
Administration			15	1,010,243
Total Disbursements		8,580	15	5,741,321
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1	8,598	(15)	(1,061,909)
Other Adjustments to Cash (Uses)				
General Obligation Lease Proceeds				445,000
Premium on General Obligation Lease				1,500
Payroll Revolving Account				15,858
Transfers From Other Funds				457,121
Transfers To Other Funds				(457,121)
Total Other Adjustments to Cash (Uses)				462,358
Net Change in Fund Balance	1	8,598	(15)	(599,551)
Fund Balance - Beginning (Restated)	2,410	14,689	50	3,781,614
Fund Balance - Ending	<u>\$ 2,411</u>	<u>\$ 23,287</u>	<u>\$ 35</u>	<u>\$ 3,182,063</u>
Composition of Fund Balance				
Bank Balance	\$ 2,411	\$ 23,287	\$ 35	\$ 2,696,311
Payroll Revolving Account Reconciled Balance				15,858
Less: Outstanding Checks				(322,865)
Certificates of Deposit				792,759
Fund Balance - Ending	<u>\$ 2,411</u>	<u>\$ 23,287</u>	<u>\$ 35</u>	<u>\$ 3,182,063</u>

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

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TO THE FINANCIAL STATEMENT**

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**METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

Metcalfe County Health Services, Inc. would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, it no longer is a required component of the reporting entity. The audit of Metcalfe County Health Services, Inc. can be obtained from the Metcalfe County Fiscal Court, 201 North Main Street, P.O. Box 149, Edmonton, KY 42129.

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.

METCALFE 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)

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.

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

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

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

Disaster and Emergency Services (DES) Fund - The primary purpose of this fund is to account for receipts and disbursements related to DES services.

Ambulance Fund - The primary purpose of this fund is to account for receipts and disbursements related to providing ambulance services in the county.

Courthouse Construction Fund - The primary purpose of this fund is to account for receipts and disbursements related to the courthouse construction receipts and disbursements.

Opioid Settlement Fund - The primary purpose of this fund is to account for revenues received based on the opioid settlement related to OxyContin. Funds received under this settlement are to be used in efforts to reduce the illicit use of opioids.

Spay and Neuter Fund - The primary source of this fund is to account for receipts and disbursements associated with the services provided.

Homeland Security Fund - The primary purpose of this fund is to account for receipts and disbursements associated with homeland security.

American Rescue Plan Act (ARPA) 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 federal government.

County Clerk Storage Fund - The primary purpose of this fund is to account for receipts and disbursements related to the county clerk's permanent storage of county records. The funds are used for the maintenance of records and for the facilities used to store those records.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Fund

The fiscal court reports the following unbudgeted fund:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

D. Budgetary Information

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

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

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

The state local finance officer does not require the public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Metcalfe County Elected Officials

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Related Obligations and Joint Ventures

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. Audits for the joint ventures below can be found on the SPGE portal at the Kentucky Department for Local Government website. Based on these criteria, the following are considered joint ventures of the Metcalfe County Fiscal Court:

1. Edmonton-Metcalfe County Industrial Development Authority was formed when the fiscal court entered into an interlocal agreement with the City of Edmonton. The purpose of this joint venture is to provide industrial and economic development of the Edmonton-Metcalfe County area. The agreement provides for agreeing to pay costs equally for any costs not covered by state or federal funds, creating a joint venture. The Edmonton-Metcalfe County Industrial Development Authority is required to have an audit every four years. The last audit available is for fiscal year ending June 30, 2023.
2. Ambulance Service Corporation, Inc. dba Barren-Metcalfe Emergency Medical Services was formed when the fiscal court entered into an agreement with the Barren County Fiscal Court and a local hospital to form this non-stock, non-profit corporation. The purpose of this joint venture is to provide emergency medical care service and transportation to the citizens of Barren County and Metcalfe County, including the cities of Glasgow and Edmonton. The parties' agreement provides for agreeing to pay costs, on a prorated basis, not covered by state or federal funds creating a joint venture. The fiscal court has established an ambulance service tax to help fund their portion of the costs. The Ambulance Service Corporation is required to have an audit every year. The last audit available is for fiscal year ending June 30, 2023.

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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Obligations and Joint Ventures (Continued)

3. Edmonton Metcalfe County 911 Dispatch Board was formed when the fiscal court entered into an agreement with the City of Edmonton. The purpose of this joint venture is to provide for police dispatching Edmonton-Metcalfe County area. The agreement provides for agreeing to pay costs equally of any costs not covered by state or federal funds, creating a joint venture. The Edmonton Metcalfe County 911 Dispatch Board is required to have an audit every four years. The last audit available is for fiscal year ending June 30, 2018.
4. Barren Metcalfe County Emergency Communications Center was formed when the fiscal court entered into an interlocal agreement with the City of Edmonton, Barren County Fiscal Court, and three cities in Barren County. The purpose of this joint venture is an effort to systematically coordinate all emergency request and response communications. The agreement provides for Metcalfe County and Barren County to provide funding through telephone fees to cover costs not covered by state or federal funds creating a joint venture. The Barren Metcalfe County Emergency Communications Center is required to have an audit every four years. The last audit available is for fiscal year ending June 30, 2023.

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 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.

METCALFE 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	Total Transfers In
Jail Fund	\$ 345,105	\$ 345,105
LGEA Fund	21,000	21,000
State Grants Fund	5,504	5,504
Disaster and Emergency Services Fund	80,000	80,000
Ambulance Fund	5,000	5,000
Spay and Neuter Fund	512	512
Total Transfers Out	<u>\$ 457,121</u>	<u>\$ 457,121</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. Leases

A. Lessor

Adult Daycare Building

On January 1, 2021, the Metcalfe County Fiscal Court began leasing a portion of the adult daycare building to Golden Years Adult Day Care, Inc. for the purpose of providing day care services for the adults and seniors of the community. The lease is for one year, renewable annually by written agreement. The Metcalfe County Fiscal Court will receive monthly payments of \$1,200 for the lease and utilities. The Metcalfe County Fiscal Court recognized \$13,200 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the Metcalfe County Fiscal Court's receivable for lease payments was \$8,400.

B. Lessee

1. On July 14, 2020, the Metcalfe County Fiscal Court entered into a four-year lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$5,753. As of June 30, 2024, this lease was paid in full.
2. On July 14, 2020, the Metcalfe County Fiscal Court entered into a four-year lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$6,689. As of June 30, 2024, this lease was paid in full.
3. On September 20, 2019, the Metcalfe County Fiscal Court entered into a five-year lease agreement as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$5,640. As of June 30, 2024, this lease was paid in full.

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

Note 4. Leases (Continued)

B. Lessee (Continued)

4. On July 1, 2022, the Metcalfe County Fiscal Court entered into a three-year lease agreement as lessee for the use of three vehicles for the sheriff's department. An initial lease liability was recorded in the amount of \$76,947. As of June 30, 2024, the value of the lease liability was \$25,649. The Metcalfe County Fiscal Court is required to make a yearly payment of \$25,649.

Fiscal Year Ended	
June 30	Amount
2025	\$ 25,649
Total	<u>\$ 25,649</u>

5. On August 23, 2022, the Metcalfe County Fiscal Court entered into a three-year lease agreement as lessee for the use of a vehicle for the Disaster Emergency Service. An initial lease liability was recorded in the amount of \$15,661. As of June 30, 2024, the value of the lease liability was \$6,090. The Metcalfe County Fiscal Court is required to make a yearly payment of \$5,220.

Fiscal Year Ended	
June 30	Amount
2025	\$ 5,220
2026	870
Total	<u>\$ 6,090</u>

6. On July 1, 2022, the Metcalfe County Fiscal Court entered into a three-year lease agreement as lessee for the use of a vehicle for the jailer. An initial lease liability was recorded in the amount of \$17,401. As of June 30, 2024, the value of the lease liability was \$5,800. The Metcalfe County Fiscal Court is required to make a yearly payment of \$5,800.

Fiscal Year Ended	
June 30	Amount
2025	\$ 5,800
Total	<u>\$ 5,800</u>

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

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Enrichment Center – Land and Building

On February 13, 2004, the Metcalfe County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the acquisition of land and an additional building for the Metcalfe County Enrichment Center Project. The principal amount of the lease was \$162,000. The agreement required annual principal and monthly interest payments at a rate of 3.88% for a period of 15 years. This lease was paid off during fiscal year 2024.

2. Nursing Home - Renovation

On November 24, 2004, the Metcalfe County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the renovation of the Metcalfe County Nursing Home on behalf of the Metcalfe County Health Services, Inc. DBA Metcalfe Health Care Center, a component unit of the fiscal court (see Note 1.A.). The Metcalfe County Health Services, Inc. made principal and interest payments to the fiscal court until the lease was paid in full. The principal amount of the lease was \$1,000,000. The agreement required annual principal and monthly interest payments at a variable interest rate for a period of 20 years. This lease was paid off during fiscal year 2024.

3. General Obligation Lease – Metcalfe County Government Center

On August 9, 2017, the Metcalfe County Fiscal Court entered into a general obligation lease agreement with the Kentucky Association of Counties Finance Corporation using Financing Program Revenue Bonds, 2017 Series B, for the acquisition, construction, installation, and equipping of a county administration building. The principal amount of the lease was \$2,325,000. The agreement requires annual principal and semiannual interest payments at a rate of 3.37% for a period of 24 years. In the event of default, the outstanding balance becomes due immediately and potential legal proceedings to recover amounts due as possible. As of June 30, 2024, the principal balance was \$1,870,000. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 80,000	\$ 28,140
2026	85,000	53,080
2027	85,000	51,380
2028	85,000	49,468
2029	90,000	47,342
2030-2034	485,000	195,162
2035-2039	565,000	116,769
2040-42	395,000	23,240
Totals	<u>\$ 1,870,000</u>	<u>\$ 564,581</u>

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

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. Nursing Home – Roof Project

On December 20, 2023, the Metcalfe County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the roof project for the Metcalfe County Nursing Home on behalf of the Metcalfe County Health Services, Inc. DBA Metcalfe Health Care Center, a component unit of the Fiscal Court (see Note 1.A.). The Metcalfe County Health Services, Inc. will make principal and interest payments to the fiscal court until paid in full. The principal amount of the lease was \$445,000. The agreement requires monthly principal and interest payments at a variable interest rate for a period of 20 years. In the event of default, the outstanding balance becomes due immediately and potential legal proceedings to recover amounts due is possible. As of June 30, 2024, the principal balance was \$439,167. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 11,667	\$ 19,956
2026	15,000	19,962
2027	15,000	19,062
2028	15,000	18,162
2029	15,000	17,262
2030-3034	100,000	70,510
2035-2039	127,500	42,935
2040-42	<u>140,000</u>	<u>15,279</u>
Totals	<u>\$ 439,167</u>	<u>\$ 223,128</u>

B. Changes In Long-term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	<u>\$ 2,081,399</u>	<u>\$ 445,000</u>	<u>\$ 217,232</u>	<u>\$ 2,309,167</u>	<u>\$ 91,667</u>
Total Long-term Debt	<u>\$ 2,081,399</u>	<u>\$ 445,000</u>	<u>\$ 217,232</u>	<u>\$ 2,309,167</u>	<u>\$ 91,667</u>

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

Note 5. Long-term Debt (Continued)

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2025	\$ 91,667	\$ 48,096
2026	100,000	73,042
2027	100,000	70,442
2028	100,000	67,630
2029	105,000	64,604
2030-2034	585,000	265,672
2035-2039	692,500	159,704
2040-2042	535,000	38,519
Totals	<u>\$ 2,309,167</u>	<u>\$ 787,709</u>

Note 6. Commitment Debt – Waterlines

On February 3, 2014, the Metcalfe County Fiscal Court entered into an interlocal agreement with the City of Edmonton, KY for repayment of Kentucky Infrastructure Authority Loan associated with waterline expansion in the county. The effective date of the loan from the Kentucky Infrastructure Authority was October 23, 2014. The principal amount of the loan was \$174,907. The agreement requires the City of Edmonton to provide semi-annual payments of principal, interest, and fees at a fixed interest rate for a period of ten years. The interlocal agreement requires the fiscal court to provide the debt service payments to repay this loan acquired by the City of Edmonton. The fiscal court's obligation shall continue until the KIA loan has been paid in full. The fiscal court agrees to reserve sufficient funds each year in its annual budget to provide for such payments.

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 \$368,801, FY 2023 was \$415,739, and FY 2024 was \$382,456.

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

Note 7. Employee Retirement System (Continued)

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 fund to be attributed to the CERS portion thereof.

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%

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

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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.

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.

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

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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 are also available 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.

Note 8. Deferred Compensation

The Metcalfe 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

On July 1, 2019, the Metcalfe County Fiscal Court elected to start a health reimbursement account for employees. The account is fully funded by the fiscal court at \$1,000 per employee each fiscal year. The funds are deposited into each employee's account at the beginning of each fiscal year. A third-party administrator processes the claims from the account as needed and a report is sent to the payroll officer for review. The unused portion of each employee's account is to be transferred back to the fiscal court at the end of each fiscal year. The available balance of the account as of June 30, 2024, was \$16,275.

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

Note 10. Insurance

For the fiscal year ended June 30, 2024, the Metcalfe 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. Prior Period Adjustments

	General Fund	Disaster and Emergency Services Fund	Courthouse Construction Fund
Fund Balance - Beginning	\$ 999,611	\$ 11,028	\$ 508
Less: Prior Year Voided Checks	(2,774)	(1,590)	
Courthouse Construction Fund included with the General Fund in the Prior Year	30,148		(30,148)
Courthouse Construction Fund Error			
Beginning Balance			29,640
	<hr/>	<hr/>	<hr/>
Fund Balance - Beginning - PYA	<u>\$ 1,026,985</u>	<u>\$ 9,438</u>	<u>\$ 0</u>

Note 12. 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.

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METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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METCALFE 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	\$ 1,523,000	\$ 1,523,535	\$ 1,579,349	\$ 55,814
In Lieu Tax Payments	150,000	181,309	181,310	1
Excess Fees	205,000	205,000	175,862	(29,138)
Licenses and Permits	60,000	60,000	86,108	26,108
Intergovernmental	188,800	188,800	174,396	(14,404)
Miscellaneous	350,600	362,277	338,590	(23,687)
Interest	2,100	2,100	2,173	73
Total Receipts	2,479,500	2,523,021	2,537,788	14,767
DISBURSEMENTS				
General Government	1,084,831	1,222,700	1,106,609	116,091
Protection to Persons and Property	164,877	171,773	149,896	21,877
General Health and Sanitation	177,045	199,045	198,732	313
Social Services	3,600	9,700	9,600	100
Recreation and Culture	2,950	2,950	69	2,881
Debt Service	372,000	372,000	355,422	16,578
Capital Projects			446,500	(446,500)
Administration	1,297,411	1,711,404	696,540	1,014,864
Total Disbursements	3,102,714	3,689,572	2,963,368	726,204
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(623,214)	(1,166,551)	(425,580)	740,971
Other Adjustments to Cash (Uses)				
General Obligation Lease Proceeds		446,500	445,000	(1,500)
Premium on General Obligation Lease			1,500	1,500
Transfers From Other Funds	223,214	223,214		(223,214)
Transfers To Other Funds	(500,000)	(500,000)	(457,121)	42,879
Total Other Adjustments to Cash (Uses)	(276,786)	169,714	(10,621)	(180,335)
Net Change in Fund Balance	(900,000)	(996,837)	(436,201)	560,636
Fund Balance - Beginning (Restated)	900,000	996,837	999,611	2,774
Fund Balance - Ending	\$ 0	\$ 0	\$ 563,410	\$ 563,410

METCALFE 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	\$ 1,699,214	\$ 1,735,940	\$ 1,487,359	\$ (248,581)
Miscellaneous	62,500	62,500	7,579	(54,921)
Interest	2,000	2,000	3,618	1,618
Total Receipts	<u>1,763,714</u>	<u>1,800,440</u>	<u>1,498,556</u>	<u>(301,884)</u>
DISBURSEMENTS				
General Government	300	300	47	253
General Health and Sanitation	19,000	19,500	15,235	4,265
Roads	1,585,070	1,639,477	1,208,411	431,066
Administration	936,130	917,949	258,965	658,984
Total Disbursements	<u>2,540,500</u>	<u>2,577,226</u>	<u>1,482,658</u>	<u>1,094,568</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(776,786)</u>	<u>(776,786)</u>	<u>15,898</u>	<u>792,684</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(223,214)</u>	<u>(223,214)</u>		<u>223,214</u>
Total Other Adjustments to Cash (Uses)	<u>(223,214)</u>	<u>(223,214)</u>		<u>223,214</u>
Net Change in Fund Balance	(1,000,000)	(1,000,000)	15,898	1,015,898
Fund Balance - Beginning	<u>1,000,000</u>	<u>1,000,000</u>	<u>993,848</u>	<u>(6,152)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,009,746</u>	<u>\$ 1,009,746</u>

METCALFE 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	\$ 94,500	\$ 102,173	\$ 91,262	\$ (10,911)
Miscellaneous	700	700	3,071	2,371
Interest	100	100	77	(23)
Total Receipts	95,300	102,973	94,410	(8,563)
DISBURSEMENTS				
Protection to Persons and Property	364,322	385,818	394,265	(8,447)
Administration	80,978	85,439	25,858	59,581
Total Disbursements	445,300	471,257	420,123	51,134
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(350,000)	(368,284)	(325,713)	42,571
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	350,000	350,000	345,105	(4,895)
Total Other Adjustments to Cash (Uses)	350,000	350,000	345,105	(4,895)
Net Change in Fund Balance		(18,284)	19,392	37,676
Fund Balance - Beginning		504	504	
Fund Balance - Ending	\$ 0	\$ (17,780)	\$ 19,896	\$ 37,676

METCALFE 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	\$ 6,000	\$ 6,000	\$ 6,262	\$ 262
Interest	100	100	7	(93)
Total Receipts	6,100	6,100	6,269	169
DISBURSEMENTS				
General Government	26,099	26,099	22,226	3,873
Social Services	5,000	5,000	1,625	3,375
Administration	30,001	32,210	5,149	27,061
Total Disbursements	61,100	63,309	29,000	34,309
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(55,000)	(57,209)	(22,731)	34,478
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	50,000	50,000	21,000	(29,000)
Total Other Adjustments to Cash (Uses)	50,000	50,000	21,000	(29,000)
Net Change in Fund Balance	(5,000)	(7,209)	(1,731)	5,478
Fund Balance - Beginning	5,000	7,209	7,209	
Fund Balance - Ending	\$ 0	\$ 0	\$ 5,478	\$ 5,478

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

STATE GRANTS FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 4,000	\$ (56,000)
Interest	500	500	356	(144)
Total Receipts	60,500	60,500	4,356	(56,144)
DISBURSEMENTS				
Protection to Persons and Property		5,504	5,504	
General Health and Sanitation	60,000	60,000	12,386	47,614
Administration	125,500	146,559		146,559
Total Disbursements	185,500	212,063	17,890	194,173
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(125,000)	(151,563)	(13,534)	138,029
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			5,504	5,504
Total Other Adjustments to Cash (Uses)			5,504	5,504
Net Change in Fund Balance	(125,000)	(151,563)	(8,030)	143,533
Fund Balance - Beginning	125,000	151,563	151,562	(1)
Fund Balance - Ending	\$ 0	\$ 0	\$ 143,532	\$ 143,532

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

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,986,000	\$ 2,986,000	\$ 113,140	\$ (2,872,860)
Total Receipts	2,986,000	2,986,000	113,140	(2,872,860)
DISBURSEMENTS				
General Government	63,000	63,000		63,000
Protection to Persons and Property	1,102,000	1,102,000		1,102,000
Capital Projects	1,600,000	1,600,000	123,240	1,476,760
Administration	521,000	566,954		566,954
Total Disbursements	3,286,000	3,331,954	123,240	3,208,714
Net Change in Fund Balance	(300,000)	(345,954)	(10,100)	335,854
Fund Balance - Beginning	300,000	345,954	345,954	
Fund Balance - Ending	\$ 0	\$ 0	\$ 335,854	\$ 335,854

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

DISASTER AND EMERGENCY SERVICES FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 35,750	\$ 35,750	\$ 50,842	\$ 15,092
Interest	50	50	13	(37)
Total Receipts	35,800	35,800	50,855	15,055
DISBURSEMENTS				
Protection to Persons and Property	81,007	88,300	88,534	(234)
Administration	59,793	58,528	23,716	34,812
Total Disbursements	140,800	146,828	112,250	34,578
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(105,000)	(111,028)	(61,395)	49,633
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	100,000	100,000	80,000	(20,000)
Total Other Adjustments to Cash (Uses)	100,000	100,000	80,000	(20,000)
Net Change in Fund Balance	(5,000)	(11,028)	18,605	29,633
Fund Balance - Beginning (Restated)	5,000	11,028	11,028	
Fund Balance - Ending	\$ 0	\$ 0	\$ 29,633	\$ 29,633

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

AMBULANCE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 310,000	\$ 310,000	\$ 282,619	\$ (27,381)
Intergovernmental	263,000	263,000	13,659	(249,341)
Interest	6,000	6,000	5,034	(966)
Total Receipts	579,000	579,000	301,312	(277,688)
DISBURSEMENTS				
General Government	10,000	145,000	136,864	8,136
Protection to Persons and Property	400,000	434,602	442,583	(7,981)
Administration	1,344,000	1,232,340		1,232,340
Total Disbursements	1,754,000	1,811,942	579,447	1,232,495
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,175,000)	(1,232,942)	(278,135)	954,807
Transfers From Other Funds			5,000	5,000
Total Other Adjustments to Cash (Uses)			5,000	5,000
Net Change in Fund Balance	(1,175,000)	(1,232,942)	(273,135)	959,807
Fund Balance - Beginning	1,175,000	1,201,634	1,201,634	
Fund Balance - Ending	\$ 0	\$ (31,308)	\$ 928,499	\$ 959,807

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

COURTHOUSE CONSTRUCTION FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 754	\$ 754
Total Receipts			754	
DISBURSEMENTS				
Administration		576		576
Total Disbursements		576		576
Net Change in Fund Balance		(576)	754	1,330
Fund Balance - Beginning (Restated)		576	508	(68)
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,262	\$ 1,262

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

OPIOID SETTLEMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 50,000	\$ 50,000	\$ 53,134	\$ 3,134
Interest	50	59	145	86
Total Receipts	50,050	50,059	53,279	3,220
DISBURSEMENTS				
Social Services		5,000	1,000	4,000
Administration	50,050	45,050		45,050
Total Disbursements	50,050	50,050	1,000	49,050
Net Change in Fund Balance		9	52,279	52,270
Fund Balance - Beginning		49,079	49,079	
Fund Balance - Ending	\$ 0	\$ 49,088	\$ 101,358	\$ 52,270

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

SPAY AND NEUTER FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 512	\$ (4,488)
Miscellaneous			1,000	1,000
Interest	20	20	1	(19)
Total Receipts	5,020	5,020	1,513	(3,507)
DISBURSEMENTS				
General Health and Sanitation	5,000	5,000	3,750	1,250
Administration	1,020	2,039		2,039
Total Disbursements	6,020	7,039	3,750	3,289
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,000)	(2,019)	(2,237)	(218)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			512	512
Total Other Adjustments to Cash (Uses)			512	512
Net Change in Fund Balance	(1,000)	(2,019)	(1,725)	294
Fund Balance - Beginning	1,000	2,019	2,019	
Fund Balance - Ending	\$ 0	\$ 0	\$ 294	\$ 294

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

HOMELAND SECURITY FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 85,000	\$ 85,000	\$	\$ (85,000)
Interest	100	100	1	(99)
Total Receipts	85,100	85,100	1	(85,099)
DISBURSEMENTS				
Protection to Persons and Property	85,000	85,000		85,000
Administration	1,300	1,609		1,609
Total Disbursements	86,300	86,609		86,609
Net Change in Fund Balance	(1,200)	(1,509)	1	1,510
Fund Balance - Beginning	1,200	1,509	1,509	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,510</u>	<u>\$ 1,510</u>

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

AMERICAN RESCUE PLAN ACT (ARPA) FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 50	\$ 50	\$ 1	\$ (49)
Total Receipts	50	50	1	(49)
DISBURSEMENTS				
Administration	2,460	2,460		2,460
Total Disbursements	2,460	2,460		2,460
Net Change in Fund Balance	(2,410)	(2,410)	1	2,411
Fund Balance - Beginning	2,410	2,410	2,410	
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,411	\$ 2,411

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

COUNTY CLERK STORAGE FEE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 17,158	\$ 7,158
Interest	50	50	20	(30)
Total Receipts	10,050	10,050	17,178	7,128
DISBURSEMENTS				
General Government	10,000	10,000	8,580	1,420
Administration	10,050	14,739		14,739
Total Disbursements	20,050	24,739	8,580	16,159
Net Change in Fund Balance	(10,000)	(14,689)	8,598	23,287
Fund Balance - Beginning	10,000	14,689	14,689	
Fund Balance - Ending	\$ 0	\$ 0	\$ 23,287	\$ 23,287

**METCALFE 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

The *Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis* differs from the *Budgetary Comparison Schedule* for the General Fund for the addition of the payroll account in the amount of \$15,858.

Note 3. Excess of Disbursements Over Appropriations

The following line items exceeded budgeted appropriations:

Categories Over Budget

General Fund:	
Capital Projects	\$ (446,500)
Jail Fund:	
Protection to Persons and Property	(8,447)
Disaster and Emergency Services Fund:	
Protection to Persons and Property	(234)
Ambulance Fund:	
Protection to Persons and Property	<u>(7,981)</u>
Total Over Budget	<u>\$ (463,162)</u>

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METCALFE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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METCALFE 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*	\$ 752,203	\$	\$ 12,000	\$ 740,203
Construction In Progress*	1,595,957	123,240		1,719,197
Buildings and Building Improvements*	9,901,881	446,500		10,348,381
Machinery and Equipment*	1,962,469	18,404		1,980,873
Vehicle*	850,523	26,250		876,773
Infrastructure*	9,152,932	217,147		9,370,079
 Total Capital Assets	 \$ 24,215,965	 \$ 831,541	 \$ 12,000	 \$ 25,035,506

METCALFE 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	\$ 10,000	10-50

Note 2. Restatement of Capital Assets Beginning Balance

In in the prior year, the county did not prepare an updated capital asset listing. Therefore, the amounts per fiscal year 2022 were used in the fiscal year 2023 audit report. The county updated the beginning balance to correct amounts as reflected in the current year schedule.

**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 Larry Wilson, Metcalfe County Judge/Executive
Members of the Metcalfe 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 Metcalfe County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Metcalfe County Fiscal Court's financial statement and have issued our report thereon dated June 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Metcalfe 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 Metcalfe County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Metcalfe County Fiscal Court's internal control.

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

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

As part of obtaining reasonable assurance about whether the Metcalfe 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 Official and Planned Corrective Action

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

June 17, 2025

METCALFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2024

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**METCALFE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS:

2024-001 The Metcalfe County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Statement

During the year ending June 30, 2024, the fiscal court failed to post the activity to the ledgers and fourth quarter financial report. The following posting mistakes were noted:

- The disbursement of the General Fund of \$446,500 to the county owned nursing home for the roof and sprinkler project was recorded to a debt service category instead of a capital projects category.
- Wages of the jail fund for August 2023 to June 2024 in amount of \$8,800 for one deputy transportation officer were not recorded to the appropriation ledger and the quarterly financial report.
- All activity of the courthouse construction fund was not recorded on the ledgers and the quarterly financial report. Interest earned of \$754 was not recorded and prior year carryover was recorded as \$68 over the book balance.
- Original budgeted disbursements recorded in the original budget column on quarterly financial report were \$486,200 more than the approved original budget.
- Original budgeted transfers out recorded in the original budget column on quarterly financial report were \$36,786 more than the approved original budget.
- Budget transfers of \$29,259 approved by the fiscal court on May 23, 2024, and June 13, 2024, were not posted to the appropriations ledger and quarterly financial report.

The county treasurer stated she was unaware that she needed to record the total amount of debt proceeds and related activity on the quarterly financial reports and ledgers, since that portion of the money was received and spent by a third party. In addition, the county treasurer stated the former finance officer handled obtaining budget transfers as necessary and posting them to the appropriation ledger and quarterly financial report. Further, the fiscal court did not have adequate controls in place to ensure these transactions were reflected in the fiscal court's financial reports.

The quarterly financial report and ledgers were affected by the above posting mistakes as follows:

- The General Fund disbursements category of debt service was overstated by \$446,500, and the capital projects category was understated by \$446,8500.
- The jail fund disbursements were understated by \$8,800.
- The courthouse construction fund receipts were understated by \$754, and the ending fund balance was overstated by \$68.
- The original budget column for the general fund receipts was overstated for the category of transfers out by \$36,786.
- The original budget column for the general fund disbursements was overstated for the categories of debt service and administration by \$446,500 and \$40,000, respectively.
- The original budget column for the jail fund disbursements was understated for the categories of protection to persons and property and administration by \$200 and \$100, respectively.
- The budgeted transfers column for the general fund disbursements was understated for the categories of general government and general health and sanitation by \$1,859 and \$22,000, respectively, and understated for the category of administration by \$23,859.
- The budgeted transfers column for the road fund disbursements was overstated for the category of roads by \$400 and understated by the category of administration by \$400.
- The budgeted transfers column for the jail fund disbursements was overstated for the category of protection to persons and property by \$700 and understated by the category of administration by \$700.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-001 The Metcalfe County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Statement (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." The review of the financial statement is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. According to the *County Budget Preparation and State Local Finance Officer Policy Manual*, all financial activity, including transactions through a third party, must be recorded on the county's financial statements. In addition, the manual requires the appropriation ledger to list by account number the original budget appropriation and the changes to that account number due to amendments or transfers.

We recommend the fiscal court implement controls to ensure all financial and budget activity are accurately posted on the fiscal court's quarterly financial report and ledgers in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Due to the previous Finance Officer leaving her position unexpectedly, the County Treasurer was unaware of the need to record the total amount of debt proceeds and their related activity on the quarterly financial statements since those funds were received and spent by a third party. The former Finance Officer handled the budget transfers and the posting of them to the appropriate ledgers and reports. The County Treasurer and the new Finance Officer will work together to post the correct items to the financial statements moving forward.

2024-002 The Metcalfe County Fiscal Court Did Not Have Strong Internal Controls Over Handling Of Disbursements

During disbursements testing, the following exceptions were noted:

- One out of 55 disbursements tested did not have adequate supporting documentation in the amount of \$149. It could not be determined if the disbursement was a valid obligation of the fiscal court at the time of payment due to the missing invoice.
- Thirty-seven out of the 55 disbursements tested had purchase orders issued after the invoice date for invoices and totaled \$833,803.
- One out of 55 disbursements tested exceeded the available line item appropriation budget by \$11,378.
- The fiscal court overspent 19 disbursement line items by a total of \$557,716.22. In addition, the Budgetary Comparison Schedules show the fiscal court was over budget in five categories by \$463,162.
- Encumbrances were not reported on the fourth quarter financial report.

The county treasurer stated the former finance officer handled obtaining budget transfers as necessary and posting them to the appropriation ledger and quarterly financial report. Further, the fiscal court did not have adequate controls in place to ensure disbursements were handled correctly. The fiscal court's failure to establish effective internal controls over disbursements resulted in numerous instances of noncompliance reflected above.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-002 The Metcalfe County Fiscal Court Did Not Have Strong Internal Controls Over Handling Of Disbursements (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.” The pre-approval and authorization of disbursements is a basic internal control necessary to ensure the accuracy and reliability of financial reports. This control ensures that all disbursements are properly supported, preceded by a valid purchase order, and made only if available budget allows.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government’s *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual presents requirements for counties handling of disbursements, including:

- “Purchases shall not be made without approval by the judge/executive (or designee), and/or a department head” and “[p]urchase requests shall not be approved in an amount that exceeds the available line item appropriation unless the necessary and appropriate transfers have been made.”
- Operating disbursements are required to have appropriate supporting documentation and be properly coded prior to inclusion on the monthly claims list.
- Unpaid purchase orders as of June 30 should be reported as encumbrances on the face of the fourth quarterly financial report. In addition, 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 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 for the fund, and any transfer made to or from the fund.”

In addition, the Metcalfe County Administrative Code and Employee Policy And Procedure Handbook General Purchase Procedures, Section A states, “[a]ll purchases must be verified and approved by the issuance of a purchase order if the County budget has the proper appropriation for the Department’s line item. When the vendor submits an invoice the purchase order number must be indicated; invoices without a purchase order number will not be paid. Sufficient funds must also exist in the department’s particular line item from which the purchases will be paid. The county Judge/Executive, County Treasurer, and/or Finance Officer shall complete the purchase order form and signify their approval of the purchases by their signature or other appropriate method.”

KRS 68.300 states, in part, “[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within the budget appropriation, shall be void.”

We recommend the fiscal court improve procedures over disbursements to ensure the proper handling of disbursements.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Due to the previous Finance Officer resigning without leaving instructions on how she issued the purchase orders or how she obtained and posted budget transfers and budget amendments, the County Treasurer was unsure how to complete those items correctly. We have since hired a new Finance Officer; she and the County Treasurer are working diligently to correct the processes for the next Fiscal Year.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-003 The Metcalfe County Fiscal Court Did Not Accurately Report Debt On The Fourth Quarter
Financial Statement Liabilities Schedule

This is a repeat finding and was included in the prior year audit report as finding 2023-001. The debt schedule presented with the fourth quarter report did not accurately report debt obligations of the county. The quarterly report overstated the total debt principal and interest balances for Metcalfe County by \$1,090,000 and \$125,593, respectively.

The fiscal court did not have controls in place to ensure that debt obligations were properly reported on the fourth quarterly report. By not accurately reporting debt, the county is not in compliance with KRS 68.210. In addition, the fiscal court does not have accurate information for future financial decisions.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the *County Budget Preparation and State Local Finance Officer Policy Manual*, which requires all county debt be reflected properly on the quarterly financial statement.

We recommend the fiscal court ensure the correct debt liabilities are shown on the liabilities page of all financial statements presented to the fiscal court and the Department for Local Government.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Metcalfe County Fiscal Court paid off some of the debts listed on the Liabilities Schedule and those debts were not removed from the listing. The Treasurer and Finance Officer will make sure those debts are removed, and the correct debts are listed in the future.

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

METCALFE COUNTY FISCAL COURT

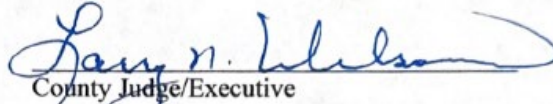
For The Year Ended June 30, 2024

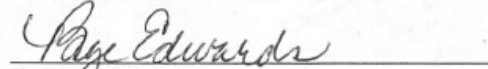
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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
METCALFE COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Metcalfe 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


County Treasurer