REPORT OF THE AUDIT OF THE METCALFE COUNTY FISCAL COURT

For The Year Ended
June 30, 2025

ALLISON BALL
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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, 2025, 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, 2025, 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, 2025, 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.

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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 and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 and Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards 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 20, 2026, 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 Questioned Costs included herein, which discusses the following report findings:

2025-001 The Metcalfe County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Statement
2025-002 The Metcalfe County Fiscal Court Did Not Have Strong Internal Controls Over Handling Of Disbursements
2025-003 The Metcalfe County Fiscal Court Failed To Implement Adequate Controls Over Federal Expenditures

Respectfully submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 20, 2026

METCALFE COUNTY OFFICIALS

For The Year Ended June 30, 2025

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 (7/1/2024 to 11/24/2024)	Finance Officer
Connie Taylor (11/25/2024 to 6/30/2025)	Finance Officer

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

For The Year Ended June 30, 2025

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

For The Year Ended June 30, 2025

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	$ 1,641,033	$	$	$
In Lieu Tax Payments	199,609			
Excess Fees	151,407			
Licenses and Permits	58,389			
Intergovernmental	208,184	2,538,903	94,498	3,972
Charges for Services				
Miscellaneous	255,684	33,254	5,274	
Interest	1,660	3,343	43	6
Total Receipts	2,515,966	2,575,500	99,815	3,978
DISBURSEMENTS				
General Government	1,191,984			24,038
Protection to Persons and Property	159,192		260,426	
General Health and Sanitation	218,631	27,534		
Social Services	17,200			4,000
Roads		2,522,739		
Debt Service	213,553			
Capital Projects				
Administration	721,364	301,806	22,721	5,405
Total Disbursements	2,521,924	2,852,079	283,147	33,443
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(5,958)	(276,579)	(183,332)	(29,465)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	195,337		170,201	36,000
Transfers To Other Funds	(253,346)	(191,414)		
Total Other Adjustments to Cash (Uses)	(58,009)	(191,414)	170,201	36,000
Net Change in Fund Balance	(63,967)	(467,993)	(13,131)	6,535
Fund Balance - Beginning (Restated)	565,639	1,009,746	19,981	5,478
Fund Balance - Ending	$ 501,672	$ 541,753	$ 6,850	$ 12,013
Composition of Fund Balance				
Bank Balance	$ 526,806	$ 633,903	$ 24,581	$ 12,088
Less: Outstanding Checks	(25,134)	(92,150)	(17,731)	(75)
Certificates of Deposit				
Fund Balance - Ending	$ 501,672	$ 541,753	$ 6,850	$ 12,013

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, 2025
(Continued)

Budgeted Funds							
State Grants Fund	**Federal Grants Fund**	**Disaster and Emergency Services Fund**	**Ambulance Fund**	**Opioid Settlement Fund**	**Spay and Neuter Fund**	**Homeland Security Fund**	**American Rescue Plan Act Fund**
$	$	$	$ 319,285	$	$	$	$
4,000	853,426	21,596	13,587		1,146		
				30,619			
		16,152					
359		20	35,493	302	1	1	1
4,359	853,426	37,768	368,365	30,921	1,147	1	1
		84,631	356,987				
901					750		
				918			
	843,125						
		8,080					
901	843,125	92,711	356,987	918	750		
3,458	10,301	(54,943)	11,378	30,003	397	1	1
		46,200			1,146		
	(201)					(1,511)	(2,412)
	(201)	46,200			1,146	(1,511)	(2,412)
3,458	10,100	(8,743)	11,378	30,003	1,543	(1,510)	(2,411)
143,982	335,854	29,633	928,499	101,358	294	1,510	2,411
$ 147,440	$ 345,954	$ 20,890	$ 939,877	$ 131,361	$ 1,837	$ 0	$ 0
$ 147,440	$ 345,954	$ 21,190	$ 111,936	$ 131,361	$ 1,887	$	$
		(300)			(50)		
			827,941				
$ 147,440	$ 345,954	$ 20,890	$ 939,877	$ 131,361	$ 1,837	$ 0	$ 0

METCALFE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2025
(Continued)

	Budgeted Fund	Unbudgeted Funds		
	County Clerk Storage Fee Fund	Courthouse Construction Fund	Public Properties Corporation Fund	Total Funds
RECEIPTS				
Taxes	$	$	$	$ 1,960,318
In Lieu Tax Payments				199,609
Excess Fees				151,407
Licenses and Permits				58,389
Intergovernmental				3,739,312
Charges for Services				30,619
Miscellaneous	17,400		15	327,779
Interest	20	862		42,111
Total Receipts	17,420	862	15	6,509,544
DISBURSEMENTS				
General Government	22,592			1,238,614
Protection to Persons and Property				861,236
General Health and Sanitation				247,816
Social Services				22,118
Roads				2,522,739
Debt Service				213,553
Capital Projects				843,125
Administration			50	1,059,426
Total Disbursements	22,592		50	7,008,627
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(5,172)	862	(35)	(499,083)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				448,884
Transfers To Other Funds				(448,884)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(5,172)	862	(35)	(499,083)
Fund Balance - Beginning (Restated)	23,287	1,262	35	3,168,969
Fund Balance - Ending	$ 18,115	$ 2,124	$ 0	$ 2,669,886
Composition of Fund Balance				
Bank Balance	$ 18,115	$ 28,664	$	$ 2,003,925
Less: Outstanding Checks		(26,540)		(161,980)
Certificates of Deposit				827,941
Fund Balance - Ending	$ 18,115	$ 2,124	$ 0	$ 2,669,886

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

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2025

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, 2025
(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.

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, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Courthouse Construction Fund - The primary purpose of this fund is to account for receipts and disbursements related to the courthouse construction receipts and disbursements. However, the fiscal court did not budget this fund as required by the state local finance officer because as anticipated the fiscal court did not disburse any funds during fiscal year 2025.

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, 2025
(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. 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, 2024.

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, 2023.

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Joint Ventures (Continued)

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 year. The last audit available is for fiscal year ending June 30, 2024.

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, 2025, 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 2025.

	General Fund	Road Fund	Federal Grants Fund	Homeland Security Fund	ARPA Fund	Total Transfers In
General Fund	$	$ 191,414	$	$ 1,511	$ 2,412	$ 195,337
Jail Fund	170,000		201			170,201
LGEA Fund	36,000					36,000
DES Fund	46,200					46,200
Spay and Neuter Fund	1,146					1,146
Total Transfers Out	$ 253,346	$ 191,414	$ 201	$ 1,511	$ 2,412	$ 448,884

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.

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 4. Commitments – Lease Agreements - Lessee

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Sheriff Vehicles	7/9/2022	3 years	Yearly	7/9/2025	$ 25,649	$ 0
Jailer Vehicle	7/9/2022	3 years	Yearly	7/9/2025	$ 5,800	$ 0
DES Vehicle	8/23/2022	3 years	Yearly	8/23/2025	$ 5,220	$ 870

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. 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, 2025, the principal balance was $1,790,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	$ 85,000	$ 26,540
2027	85,000	51,380
2028	85,000	49,468
2029	90,000	47,342
2030	90,000	44,642
2031-2035	500,000	180,613
2036-2040	585,000	99,094
2041-2042	270,000	10,822
Totals	$ 1,790,000	$ 509,901

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. General Obligation Lease – 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, 2025, the principal balance was $426,250. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	$ 13,750	$ 18,261
2027	15,000	19,062
2028	15,000	18,162
2029	15,000	17,262
2030	17,500	16,362
2031-2035	107,500	64,835
2036-2040	132,500	37,710
2041-2044	110,000	9,817
Totals	$ 426,250	$ 201,471

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$ 2,309,167	$	$ 92,917	$ 2,216,250	$ 98,750
Total Long-term Debt	$ 2,309,167	$ 0	$ 92,917	$ 2,216,250	$ 98,750

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 5. Long-term Debt (Continued)

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations on June 30, 2025, were as follows:

	Direct Borrowings and Direct Placements	
Fiscal Year Ended June 30	Principal	Interest
2026	$ 98,750	$ 44,801
2027	100,000	70,442
2028	100,000	67,630
2029	105,000	64,604
2030	107,500	61,004
2031-2035	607,500	245,448
2036-2040	717,500	136,804
2041-2044	380,000	20,639
Totals	$ 2,216,250	$ 711,372

Note 6. Commitment

As of June 30, 2025, the Metcalfe County Fiscal Court owed $168,643 Kentucky Department of Military Affairs for repayment of overpayment of disaster grants from the Federal Emergency Management Agency in previous years.

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 2023 was $415,739, FY 2024 was $382,456, and FY 2025 was $337,014.

Nonhazardous

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

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5% of their annual creditable compensation. Nonhazardous members also contribute 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by 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 19.71%.

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%
1-14	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.

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 7. Employee Retirement System (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 obtained online at https://kyret.ky.gov.

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

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, 2025, was $17,995.

Note 10. Insurance

For the fiscal year ended June 30, 2025, 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. Subsequent Events

On September 5, 2025, the fiscal court opened four bids for the sale of the Metcalfe Health Care Center, a component unit of the fiscal court (see Note 1.A). On September 11, 2025, the fiscal court awarded the bid for the sale of the Metcalfe Health Care Center to Topaz Fiscal Services in the amount of $11,150,000. The sale was effective January 1, 2026. After the closing settlement is completed, the fiscal court is estimated to receive net proceeds of $5,399,178 on the sale. The sale of Metcalfe Health Care Center includes capital assets held by the fiscal court of the nursing home facility lot (land) purchased in 1974 for $31,250 and the building improvement of the nursing home facility roof constructed in 2024 for $446,500. In addition, the fiscal court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust (see Note 5.A.2.) to construct a new nursing home facility roof in fiscal year 2024. As of December 31, 2025, the principal balance was $420,000 with net interest balance of $27,319. On December 31, 2025, this lease was paid in full.

METCALFE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 12. Related Party Transactions

Two of the magistrates are on the board of directors for the Edmonton-Metcalfe County Chamber of Commerce with one of the magistrates serving as president. The board of directors has 14 directors. During fiscal year 2025, the fiscal court paid membership dues of $135 and contributions of $11,415 to the chamber of commerce. In addition, the fiscal court rents office space for the county attorney from her firm Howard & Howard Law Offices. The fiscal court paid her firm $3,500 for the fiscal year ending 2025.

Note 13. Prior Period Adjustments

	General Fund	Jail Fund	State Grants Fund
Fund Balance - Beginning per Prior Year Audit Report	$ 579,268	$ 19,896	$ 143,532
Adjustments:			
Add: Prior Year Checks Voided	2,229	85	450
Less: Payroll Revolving Account Reconciled Balance	(15,858)		
Fund Balance - Beginning (Restated)	$ 565,639	$ 19,981	$ 143,982

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METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

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METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 1,628,000	$ 1,628,000	$ 1,641,033	$ 13,033
In Lieu Tax Payments	150,000	150,000	199,609	49,609
Excess Fees	180,000	180,000	151,407	(28,593)
Licenses and Permits	77,500	77,500	58,389	(19,111)
Intergovernmental	179,300	179,300	208,184	28,884
Miscellaneous	335,600	335,600	255,684	(79,916)
Interest	2,200	2,200	1,660	(540)
Total Receipts	2,552,600	2,552,600	2,515,966	(36,634)
DISBURSEMENTS				
General Government	1,112,025	1,347,786	1,191,984	155,802
Protection to Persons and Property	171,000	172,500	159,192	13,308
General Health and Sanitation	189,945	230,247	218,631	11,616
Social Services	4,600	17,300	17,200	100
Recreation and Culture	450	450		450
Debt Service	372,000	372,000	213,553	158,447
Administration	1,293,994	1,000,731	721,364	279,367
Total Disbursements	3,144,014	3,141,014	2,521,924	619,090
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(591,414)	(588,414)	(5,958)	582,456
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	191,414	191,414	195,337	3,923
Transfers To Other Funds	(500,000)	(500,000)	(253,346)	246,654
Total Other Adjustments to Cash (Uses)	(308,586)	(308,586)	(58,009)	250,577
Net Change in Fund Balance	(900,000)	(897,000)	(63,967)	833,033
Fund Balance - Beginning (Restated)	900,000	900,000	565,639	(334,361)
Fund Balance - Ending	$ (0)	$ 3,000	$ 501,672	$ 498,672

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 1,772,786	$ 1,772,786	$ 2,538,903	$ 766,117
Miscellaneous	62,500	62,500	33,254	(29,246)
Interest	2,500	2,500	3,343	843
Total Receipts	1,837,786	1,837,786	2,575,500	737,714
DISBURSEMENTS				
General Government	300	300		300
General Health and Sanitation	19,000	28,181	27,534	647
Roads	1,706,181	2,755,368	2,522,739	232,629
Administration	920,891	312,868	301,806	11,062
Total Disbursements	2,646,372	3,096,717	2,852,079	244,638
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(808,586)	(1,258,931)	(276,579)	982,352
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	68,586	68,586		(68,586)
Transfers To Other Funds	(260,000)	(260,000)	(191,414)	68,586
Total Other Adjustments to Cash (Uses)	(191,414)	(191,414)	(191,414)	(0)
Net Change in Fund Balance	(1,000,000)	(1,450,345)	(467,993)	982,352
Fund Balance - Beginning	1,000,000	1,000,000	1,009,746	9,746
Fund Balance - Ending	$ 0	$ (450,345)	$ 541,753	$ 992,098

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 95,000	$ 95,000	$ 94,498	$ (502)
Miscellaneous	1,200	1,200	5,274	4,074
Interest	100	100	43	(57)
Total Receipts	96,300	96,300	99,815	3,515
DISBURSEMENTS				
Protection to Persons and Property	376,979	381,449	260,426	121,023
Administration	69,321	64,851	22,721	42,130
Total Disbursements	446,300	446,300	283,147	163,153
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(350,000)	(350,000)	(183,332)	166,668
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	350,000	350,000	170,201	(179,799)
Total Other Adjustments to Cash (Uses)	350,000	350,000	170,201	(179,799)
Net Change in Fund Balance			(13,131)	(13,131)
Fund Balance - Beginning			19,981	19,981
Fund Balance - Ending	$ 0	$ 0	$ 6,850	$ 6,850

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(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	$ 3,972	$ (2,028)
Interest	100	100	6	(94)
Total Receipts	6,100	6,100	3,978	(2,122)
DISBURSEMENTS				
General Government	27,302	28,002	24,038	3,964
Social Services	3,000	4,000	4,000	
Administration	30,798	29,098	5,405	23,693
Total Disbursements	61,100	61,100	33,443	27,657
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(55,000)	(55,000)	(29,465)	25,535
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	50,000	50,000	36,000	(14,000)
Total Other Adjustments to Cash (Uses)	50,000	50,000	36,000	(14,000)
Net Change in Fund Balance	(5,000)	(5,000)	6,535	11,535
Fund Balance - Beginning	5,000	5,000	5,478	478
Fund Balance - Ending	$ 0	$ 0	$ 12,013	$ 12,013

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

STATE GRANTS FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 60,000	$ 60,000	$ 4,000	$ (56,000)
Interest	500	500	359	(141)
Total Receipts	60,500	60,500	4,359	(56,141)
DISBURSEMENTS				
General Health and Sanitation	60,000	60,000	901	59,099
Administration	125,500	125,500		125,500
Total Disbursements	185,500	185,500	901	184,599
Net Change in Fund Balance	(125,000)	(125,000)	3,458	128,458
Fund Balance - Beginning	125,000	125,000	143,982	18,982
Fund Balance - Ending	$ 0	$ 0	$ 147,440	$ 147,440

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 2,986,000	$ 2,986,000	$ 853,426	$ (2,132,574)
Total Receipts	2,986,000	2,986,000	853,426	(2,132,574)
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	843,125	756,875
Administration	521,000	70,655		70,655
Total Disbursements	3,286,000	2,835,655	843,125	1,992,530
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(300,000)	150,345	10,301	(140,044)
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(201)	(201)
Total Other Adjustments to Cash (Uses)			(201)	(201)
Net Change in Fund Balance	(300,000)	150,345	10,100	(140,245)
Fund Balance - Beginning	300,000	300,000	335,854	35,854
Fund Balance - Ending	$ 0	$ 450,345	$ 345,954	$ (104,391)

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

DISASTER AND EMERGENCY SERVICES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary	Variance with Final Budget Positive
	Original	Final	Basis)	(Negative)
RECEIPTS				
Intergovernmental	$ 31,500	$ 31,500	$ 21,596	$ (9,904)
Miscellaneous			16,152	16,152
Interest	50	50	20	(30)
Total Receipts	31,550	31,550	37,768	6,218
DISBURSEMENTS				
Protection to Persons and Property	54,300	99,300	84,631	14,669
Administration	82,250	37,250	8,080	29,170
Total Disbursements	136,550	136,550	92,711	43,839
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(105,000)	(105,000)	(54,943)	50,057
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	100,000	100,000	46,200	(53,800)
Total Other Adjustments to Cash (Uses)	100,000	100,000	46,200	(53,800)
Net Change in Fund Balance	(5,000)	(5,000)	(8,743)	(3,743)
Fund Balance - Beginning (Restated)	5,000	5,000	29,633	24,633
Fund Balance - Ending	$ 0	$ 0	$ 20,890	$ 20,890

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

AMBULANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 310,000	$ 310,000	$ 319,285	$ 9,285
Intergovernmental	263,000	263,000	13,587	(249,413)
Interest	6,000	6,000	35,493	29,493
Total Receipts	579,000	579,000	368,365	(210,635)
DISBURSEMENTS				
General Government	10,000	10,000		10,000
Protection to Persons and Property	475,000	475,000	356,987	118,013
Administration	1,269,000	1,269,000		1,269,000
Total Disbursements	1,754,000	1,754,000	356,987	1,397,013
Net Change in Fund Balance	(1,175,000)	(1,175,000)	11,378	1,186,378
Fund Balance - Beginning	1,175,000	1,175,000	928,499	(246,501)
Fund Balance - Ending	$ 0	$ 0	$ 939,877	$ 939,877

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(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	$ 30,619	$ (19,381)
Interest	50	50	302	252
Total Receipts	50,050	50,050	30,921	(19,129)
DISBURSEMENTS				
Social Services		10,000	918	9,082
Administration	50,050	40,050		40,050
Total Disbursements	50,050	50,050	918	49,132
Net Change in Fund Balance			30,003	30,003
Fund Balance - Beginning			101,358	101,358
Fund Balance - Ending	$ 0	$ 0	$ 131,361	$ 131,361

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(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	$ 1,146	$ (3,854)
Interest	20	20	1	(19)
Total Receipts	5,020	5,020	1,147	(3,873)
DISBURSEMENTS				
General Health and Sanitation	5,000	5,000	750	4,250
Administration	1,020	1,020		1,020
Total Disbursements	6,020	6,020	750	5,270
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,000)	(1,000)	397	1,397
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,146	1,146
Total Other Adjustments to Cash (Uses)			1,146	1,146
Net Change in Fund Balance	(1,000)	(1,000)	1,543	2,543
Fund Balance - Beginning	1,000	1,000	294	(706)
Fund Balance - Ending	$ 0	$ 0	$ 1,837	$ 1,837

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(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	1,300		1,300
Total Disbursements	86,300	86,300		86,300
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,200)	(1,200)	1	1,201
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,511)	(1,511)
Total Other Adjustments to Cash (Uses)			(1,511)	(1,511)
Net Change in Fund Balance	(1,200)	(1,200)	(1,510)	(310)
Fund Balance - Beginning	1,200	1,200	1,510	310
Fund Balance - Ending	$ 0	$ 0	$ 0	$ 0

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(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
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,410)	(2,410)	1	2,411
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(2,412)	(2,412)
Total Other Adjustments to Cash (Uses)			(2,412)	(2,412)
Net Change in Fund Balance	(2,410)	(2,410)	(2,411)	(1)
Fund Balance - Beginning	2,410	2,410	2,411	1
Fund Balance - Ending	$ 0	$ 0	$ 0	$ 0

METCALFE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(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	$ 17,400	$ 7,400
Interest	50	50	20	(30)
Total Receipts	10,050	10,050	17,420	7,370
DISBURSEMENTS				
General Government	12,000	23,000	22,592	408
Administration	8,050	50		50
Total Disbursements	20,050	23,050	22,592	458
Net Change in Fund Balance	(10,000)	(13,000)	(5,172)	7,828
Fund Balance - Beginning	10,000	10,000	23,287	13,287
Fund Balance - Ending	$ 0	$ (3,000)	$ 18,115	$ 21,115

METCALFE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2025

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.

METCALFE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2025

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METCALFE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
U. S. Department of Homeland Security				
Passed-Through Kentucky Department of Military Affairs, Division of Emergency Management				
Emergency Management Performance Grant	97.042	EMA-2024-EP-05007	$	$ 18,807
Total U.S. Department of Homeland Security			$	$ 18,807
U. S. Department of Housing and Urban Development				
Passed-Through Kentucky Department for Local Government				
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20C-202	$	$ 843,125
Total U.S. Department of Housing and Urban Development			$	$ 843,125
Total Expenditures of Federal Awards			$ 0	$ 861,932

The accompanying notes are an integral part of this schedule.

METCALFE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Metcalfe County, Kentucky under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Metcalfe County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Metcalfe County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Metcalfe County has not adopted an indirect cost rate and has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

METCALFE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

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METCALFE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (Restated*)	Additions	Deletions	Ending Balance
Land and Land Improvements	$ 740,203	$	$	$ 740,203
Buildings and Building Improvements	10,348,381			10,348,381
Machinery and Equipment *	1,930,050	15,832		1,945,882
Vehicles *	566,583	20,000		586,583
Infrastructure	9,370,079	1,528,904		10,898,983
Total Capital Assets	$22,955,296	$ 1,564,736	$ 0	$24,520,032

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

June 30, 2025

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. Prior Period Adjustments

Schedule of Capital Assets beginning balances were restated as follows:

	Beginning Balance	Removed Items Not Belonging To Fiscal Court	Removed Items Below Capitalization Threshold	Restated Beginning Balance
Construction In Progress	$ 1,719,197	$ (1,719,197)	$	$
Machinery and Equipment	$ 1,980,873		$ (50,823)	$ 1,930,050
Vehicles	$ 876,773	$ (310,190)		$ 566,583

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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, 2025, 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 April 20, 2026.

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 Questioned Costs, 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 Questioned Costs as items 2025-001 and 2025-002 to be material weaknesses.

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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 Questioned Costs as items 2025-001 and 2025-002.

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 Questioned Costs. 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 20, 2026

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance

Independent Auditor's Report

The Honorable Larry Wilson, Metcalfe County Judge/Executive
Members of the Metcalfe County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Metcalfe County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Metcalfe County Fiscal Court's major federal programs for the year ended June 30, 2025. The Metcalfe County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Metcalfe County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Metcalfe County Fiscal Court's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Metcalfe County Fiscal Court's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Metcalfe County Fiscal Court's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Metcalfe County Fiscal Court's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Metcalfe County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Metcalfe County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Metcalfe County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2025-003. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on Metcalfe County Fiscal Court's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Metcalfe County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance; and therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance
(Continued)

Report on Internal Control over Compliance (Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over noncompliance described int the accompanying Schedule of Findings and Questioned Costs as item 2025-003 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Metcalfe County Fiscal Court's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Metcalfe County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 20, 2026

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METCALFE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2025

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METCALFE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2025

Section I: Summary of Auditor's Results

Financial Statement

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:		
• Are any material weaknesses identified?	☑ Yes	☐ No
• Are any significant deficiencies identified?	☐ Yes	☑ None Reported
Are any noncompliances material to financial statements noted?	☑Yes	☐ No

Federal Awards

Internal control over major programs:		
• Are any material weaknesses identified?	☑ Yes	☐ No
• Are any significant deficiencies identified?	☐ Yes	☑ None Reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☑ Yes	☐ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.228	COVID- 19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as a low-risk auditee?	☐ Yes	☑ No

METCALFE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings

2025-001 The Metcalfe County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Statement

Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-001. During the year ending June 30, 2025, the fiscal court failed to post activity to the ledgers and fourth quarterly financial report. The following posting mistakes were noted:

- All activity of the Courthouse Construction Fund was not recorded on the ledgers and on the quarterly financial report. Interest earned of $862 was not recorded and prior year carryover was understated by $687.
- Original budgeted receipts recorded in the original budget column on the quarterly financial report were $40,500 more than the approved original budget.
- Insurance reimbursement receipts of $16,152 received by the Disaster and Emergency Services (DES) Fund was misclassified as intergovernmental revenues miscellaneous payments instead of classified as miscellaneous revenues reimbursement.

Cause

The fiscal court did not have adequate controls in place to ensure all transactions were correctly posted and reflected in the fiscal court's financial report. The county treasurer did not understand how to book the transactions from the Courthouse Construction Fund bank account handled by a third party. In addition, the county treasurer does not know how the original budget receipts recorded on the quarterly financial report ended up more than the original budget.

Effect

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

- The Courthouse Construction Fund beginning fund balance was understated by $687 and receipts were understated by $862 resulting in the ending fund balance being understated by $1,549.
- The original budget of the Jail Fund intergovernmental revenues and miscellaneous revenues categories were both overstated by $4,000.
- The original budget of the DES Fund intergovernmental revenues category was overstated by $13,500.
- The original budget of the Ambulance Fund interest earned category was overstated by $15,000.
- The original budget of the Spay and Neuter Fund intergovernmental revenues category was overstated by $1,000.
- The original budget of the American Rescue Plan Act Fund r miscellaneous revenues category was overstated by $5,000.
- The categories of DES Fund receipts intergovernmental revenues and DES Fund receipts miscellaneous revenues were overstated and understated, respectively, by $16,152 because insurance reimbursement received was misclassified.

METCALFE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings (Continued)

2025-001 The Metcalfe County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Statement (Continued)

Criteria

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." Reviewing financial statements is a basic internal control necessary to ensure their accuracy and reliability.

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 receipts ledger to list by account number the original budget appropriation for receipts and the changes to that account number due to amendments. The manual also recommends account numbers and categories for funds received such as intergovernmental revenues for various payments received from federal, state and local governments and miscellaneous revenues for various reimbursements, telephone commissions, and surplus property sales.

Recommendations

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 and the Finance Officer are still trying to learn everything that is to be included on the Financial Statement. This is a work in progress in understanding what all is to be posted to the Financial Statement. The Treasurer and Finance Officer continue to work with the auditors in correcting this finding.

2025-002 The Metcalfe County Fiscal Court Did Not Have Strong Internal Controls Over Handling Of Disbursements

Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-002. During disbursement testing, the following exceptions were noted:

- Seventy-six out of 89 disbursements tested had purchase orders issued after the invoice date for invoices and totaled $2,960,592.
- Five out of 89 disbursements tested did not have detailed supporting documentation invoices and totaled $793,002.
- Encumbrances were reported on the fourth quarter financial report, but the fiscal court is not maintaining a list of encumbrances to support the encumbrances listed.

METCALFE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings (Continued)

2025-002 The Metcalfe County Fiscal Court Did Not Have Strong Internal Controls Over Handling Of Disbursements (Continued)

Condition and Context (Continued)

- One invoice out of 89 disbursements tested had a check in the amount of $8,580 only had one signature instead of two.
- $31,500 was disbursed to one company for the North Metcalfe tower project without properly advertising for bids.

Cause

The fiscal court did not have adequate controls in place to ensure disbursements were handled correctly.

Effect

The fiscal court's failure to establish effective internal controls over disbursements resulted in numerous instances of noncompliance reflected above.

Criteria

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."

METCALFE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings (Continued)

2025-002 The Metcalfe County Fiscal Court Did Not Have Strong Internal Controls Over Handling Of Disbursements (Continued)

Criteria (Continued)

In addition, Metcalfe County Administrative Code and Employee Policy And Procedure Handbook (effective from June 2023 to May 2025) 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 68.020(1) requires "[a]ll warrants for the payment of funds from the county treasury shall be co-signed by the county treasurer and the county judge/executive." In addition, KRS 64.012(3)(b)(3) states claims for approved expenditures from the county clerk storage fund "shall be paid by the county judge/executive or the chief executive officer of an urban-county government by a warrant drawn on the fund and co-signed by the treasurer of the county or urban-county government."

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."

In addition, the Metcalfe County Administrative Code and Employee Policy And Procedure Handbook (effective from June 2023 to May 2025) Bid and Award Procedures section B states "[c]ompetitive bids must be received on all purchases where (a) an individual item exceeds Thirty Thousand Dollars ($30,000);(b) the total purchase order exceeds Thirty Thousand Dollars ($30,000); and/or a recurring purchase is less than Thirty Thousand Dollars ($30,000) per order, but the total for the fiscal year exceeds Thirty Thousand Dollars ($30,000) or there is a reasonable expectation that the total annual purchases value will exceed Thirty Thousand Dollars ($30,000) based on historical purchasing records. All purchases covered by competitive bids must be authorized and must be approved by Fiscal Court. In all cases, all activities of the Purchasing Department must comply with the Kentucky Revised Statutes and all County Ordinances."

The bid and award procedures in the administrative code also state in section C that "[w]hen an expenditure exceeds Thirty Thousand Dollars ($30,000) in costs, the County Judge/Executive and/or designee shall place an advertisement in the newspaper of largest circulation in the County at least once…."

METCALFE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings (Continued)

2025-002 The Metcalfe County Fiscal Court Did Not Have Strong Internal Controls Over Handling Of Disbursements (Continued)

Recommendations

We recommend the fiscal court improve procedures over disbursements to ensure the proper handling of disbursements and ensure all checks are signed by both the county judge/executive and county treasurer.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: Due to the previous Finance Officer resigning without notice, the County Treasurer and the new Finance Officer are continuously learning how the purchase orders are issued. They have instructed all departments to request a purchase order before any purchases are made. Each department has also been instructed to provide all detailed supporting documentation with each invoice. The County Treasurer and Finance Officer will make every effort to ensure there are two signatures on each check. The North Metcalfe Tower Project was a reimbursement on an insurance claim; therefore, we did not realize it needed to be bid out.

Section III: Federal Award Findings And Questioned Costs

2025-003 The Metcalfe County Fiscal Court Failed To Implement Adequate Controls Over Federal Expenditures

Federal Program: Assistance Listing Number #14.228 COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
Award Number and Year: 20C-202, 2020
Name of Federal Agency and Pass-Through Agency: US Department of Housing and Urban Development, Passed Through Kentucky Department for Local Government
Compliance Requirements: Activities Allowed & Allowable Costs, Special Tests and Provisions
Type of Finding: Material Weakness
COVID Related: Yes
Amount of Questioned Costs: None noted
Identification of Questioned Costs and How Computed: None noted
Repeat Finding: Not repeat finding

Condition and Context

The Metcalfe County Fiscal Court failed to implement adequate internal controls over the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – COVID-19 (CDBG-CV) program to ensure all compliance requirements were being met and that record keeping was being done correctly. The fiscal court contracted with a third party that oversaw the planning, design, inspection services, environmental services, and construction administration for the project without any oversight by the fiscal court.

The fiscal court did not receive copies of invoices or certified payroll records from the contractor or third-party administrator to review before disbursements were made to the contractor. During testing of the federal program compliance, auditors obtained invoices and certified payroll records from the third-party administrator and concluded that the fiscal court was in compliance with federal requirements.

METCALFE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section III: Federal Award Findings And Questioned Costs (Continued)

2025-003 The Metcalfe County Fiscal Court Failed To Implement Adequate Controls Over Federal Expenditures (Continued)

Cause

The fiscal court relied on a third-party administrator for the recording of all CDBG-CV project activity. The fiscal court also relied on the third-party to satisfy compliance requirements and failed to establish any review process or independent internal controls that verified that activities performed and amounts charged to the program were allowable under all applicable compliance requirements.

Effect

By relying on a third-party administrator's controls, and without enacting any internal controls, the county increased the risk of misappropriation of funds and noncompliance with federal grant guidelines. This deficiency could have potentially led to the repayment of questioned costs and less federal funding in the future.

Criteria

2 CFR § 200.303, titled Internal Controls, states the non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the guidance in "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States (Green Book) or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Recommendations

We recommend the Metcalfe County Fiscal Court establish internal controls over the federal expenditure process and ensure all activity related to federal expenditures is reviewed for accuracy and compliance.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: The Metcalfe County Fiscal Court will establish internal controls over the federal expenditure process when a third-party entity is involved to ensure all compliance and recording requirements are met. Although the Metcalfe County Fiscal Court was in compliance with federal requirements when tested by a single audit, having these procedures in place will ensure that all future federal expenditures will remain in compliance.

Section IV: Summary Schedule of Prior Audit Findings

Not applicable.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

METCALFE COUNTY FISCAL COURT

For The Year Ended June 30, 2025

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

COUNTY FISCAL COURT

For The Year Ended June 30, 2025

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.

Larry N. Wilson

County Judge/Executive

Paige Edwards

County Treasurer