

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

**For The Year Ended  
June 30, 2023**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
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**ALLISON BALL**  
**AUDITOR OF PUBLIC ACCOUNTS**

**Independent Auditor's Report**

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Stan Humphries, Trigg County Judge/Executive

The Honorable Hollis Alexander, Former Trigg County Judge/Executive

Members of the Trigg 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 Trigg County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Trigg 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 Trigg County Fiscal Court, for the year ended June 30, 2023, 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 Trigg County Fiscal Court, for the year ended June 30, 2023, 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 Trigg County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky  
 The Honorable Andy Beshear, Governor  
 Holly M. Johnson, Secretary  
 Finance and Administration Cabinet  
 The Honorable Stan Humphries, Trigg County Judge/Executive  
 The Honorable Hollis Alexander, Former Trigg County Judge/Executive  
 Members of the Trigg County Fiscal Court

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the Trigg 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***

Trigg 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.

### ***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 Trigg County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- 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 Trigg County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Stan Humphries, Trigg County Judge/Executive  
The Honorable Hollis Alexander, Former Trigg County Judge/Executive  
Members of the Trigg County Fiscal Court

***Auditor's Responsibilities for the Audit of the Financial Statement (Continued)***

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 Trigg County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules are fairly stated in all material respects in relation to the financial statement as a whole.

***Other Information***

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2025, on our consideration of the Trigg 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 Trigg County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Stan Humphries, Trigg County Judge/Executive  
The Honorable Hollis Alexander, Former Trigg County Judge/Executive  
Members of the Trigg County Fiscal Court

**Other Reporting Required by *Government Auditing Standards* (Continued)**

Based on the results of our audit, we present the accompanying Schedule of Findings and Responses included herein, which discusses the following report findings:

- 2023-001 The Trigg County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Account Records Were Maintained
- 2023-002 The Trigg County Fiscal Court Materially Misstated Outstanding Debt Obligations
- 2023-003 The Trigg County Fiscal Court Did Not Prepare A Financial Statement For The Public Justice Center Corporation Fund
- 2023-004 The Trigg County Fiscal Court Did Not Have Adequate Controls Over Disbursements
- 2023-005 The Trigg County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases
- 2023-006 The Trigg County Fiscal Court Failed To Implement Adequate Controls Over Reconciliations And Off-Site Collections
- 2023-007 The Trigg County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing
- 2023-008 The Trigg County Fiscal Court Failed To Properly Reconcile The Payroll Revolving Account
- 2023-009 The Trigg County Fiscal Court Does Failed To Implement Adequate Controls Over The Health Reimbursement Account (HRA) Program

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 7, 2025



**TRIGG COUNTY OFFICIALS**  
**For The Year Ended June 30, 2023**

**Fiscal Court Members:**

Hollis Alexander	County Judge/Executive (July 2022 - December 2022)
Stan Humphries	County Judge/Executive (January 2023 - June 2023)
Mike Wright	Magistrate
Barry Littlejohn	Magistrate
Cameron Sumner	Magistrate
Jeff Broadbent	Magistrate
Alana Baker Dunn	Magistrate
Larry Lawrence	Magistrate (July 2022 - December 2022)
Pat Bush	Magistrate (January 2023 - June 2023)
Mike Lane	Magistrate

**Other Elected Officials:**

Randy Braboy	County Attorney
James Hughes	Jailer
Carmen Finley	County Clerk
Stephen Washer	Circuit Court Clerk (July 2022 - December 2022)
Lisa Fuller Thomas	Circuit Court Clerk (January 2023 - June 2023)
Aaron Acree	Sheriff
Lauren Fowler	Property Valuation Administrator
John Mark Vinson	Coroner

**Appointed Personnel:**

Lucy Kyler	County Treasurer
Karen Oakley	Finance Officer

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

**For The Year Ended June 30, 2023**

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

**For The Year Ended June 30, 2023**

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 4,350,609	\$	\$
In Lieu Tax Payments	455,145	57,375	
Excess Fees	276,587		
Licenses and Permits	5,615		
Intergovernmental	1,322,134	2,074,216	75,281
Charges for Services	186,068		
Miscellaneous	292,736	2,942	502
Interest	22,202	11,317	748
Total Receipts	<u>6,911,096</u>	<u>2,145,850</u>	<u>76,531</u>
<b>DISBURSEMENTS</b>			
General Government	1,747,582		
Protection to Persons and Property	1,900,139		452,314
General Health and Sanitation	500,005		
Social Services	93,183		
Recreation and Culture	392,832		
Roads		2,064,774	
Debt Service	263,291		
Capital Projects	195,000		
Administration	1,054,499	325,323	60,103
Total Disbursements	<u>6,146,531</u>	<u>2,390,097</u>	<u>512,417</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>764,565</u>	<u>(244,247)</u>	<u>(435,886)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds	195,000		
Change to the Payroll Revolving Account	13,289		
Transfers From Other Funds	45,000		300,000
Transfers To Other Funds	(600,000)		
Total Other Adjustments to Cash (Uses)	<u>(346,711)</u>		<u>300,000</u>
Net Change in Fund Balance	417,854	(244,247)	(135,886)
Fund Balance - Beginning (Restated)	1,684,041	468,585	202,953
Fund Balance - Ending	<u>\$ 2,101,895</u>	<u>\$ 224,338</u>	<u>\$ 67,067</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 2,092,465	\$ 224,882	\$ 67,205
Payroll Revolving Account Reconciled Balance	30,918		
Less: Outstanding Checks	(21,488)	(544)	(138)
Fund Balance - Ending	<u>\$ 2,101,895</u>	<u>\$ 224,338</u>	<u>\$ 67,067</u>

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

**TRIGG COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2023**  
**(Continued)**

Budgeted Funds						
Local Government Economic Assistance Fund	Community Development Block Grant Fund	Sheriff Fund	Escrow - ABC Fund	Senior Citizens Fund	County Clerk Storage Fees Fund	American Rescue Plan Act Fund
\$	\$	\$	\$	\$	\$	\$
			9,060			
83,923	10,000	703,155				1,706,176
		2,498	159,019	3,002	24,430	
796		106	198	445	5	1,332
84,719	10,000	705,759	168,277	3,447	24,435	1,707,508
47,000		841,406	27,864		2,892	
						59,799
33,485	10,000			75		
		207,110				
80,485	10,000	1,048,516	27,864	75	2,892	59,799
4,234		(342,757)	140,413	3,372	21,543	1,647,709
		300,000				(45,000)
		300,000				(45,000)
4,234		(42,757)	140,413	3,372	21,543	1,602,709
90,339		225,291	327,235	181,275		1,423,483
\$ 94,573	\$ 0	\$ 182,534	\$ 467,648	\$ 184,647	\$ 21,543	\$ 3,026,192
\$ 98,250	\$	\$ 183,518	\$ 467,648	\$ 184,647	\$ 21,543	\$ 3,026,192
(3,677)		(984)				
\$ 94,573	\$ 0	\$ 182,534	\$ 467,648	\$ 184,647	\$ 21,543	\$ 3,026,192

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

**TRIGG COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<u>Budgeted Fund</u>	<u>Unbudgeted Fund</u>	
		<b>Public Justice Center Corporation</b>	
	<b>Opioid Fund</b>	<b>Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 4,350,609
In Lieu Tax Payments			512,520
Excess Fees			276,587
Licenses and Permits			14,675
Intergovernmental		909,300	6,884,185
Charges for Services			186,068
Miscellaneous	84,202		569,331
Interest	117	268	37,534
Total Receipts	<u>84,319</u>	<u>909,568</u>	<u>12,831,509</u>
<b>DISBURSEMENTS</b>			
General Government			2,666,744
Protection to Persons and Property			2,412,252
General Health and Sanitation			533,490
Social Services			103,258
Recreation and Culture			392,832
Roads			2,064,774
Debt Service		909,051	1,172,342
Capital Projects			195,000
Administration	40		1,647,075
Total Disbursements	<u>40</u>	<u>909,051</u>	<u>11,187,767</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>84,279</u>	<u>517</u>	<u>1,643,742</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds			195,000
Change to the Payroll Revolving Account			13,289
Transfers From Other Funds			645,000
Transfers To Other Funds			(645,000)
Total Other Adjustments to Cash (Uses)			<u>208,289</u>
Net Change in Fund Balance	84,279	517	1,852,031
Fund Balance - Beginning (Restated)		2,897	4,606,099
Fund Balance - Ending	<u>\$ 84,279</u>	<u>\$ 3,414</u>	<u>\$ 6,458,130</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 84,279	\$ 3,414	\$ 6,454,043
Plus: Deposits In Transit			30,918
Less: Outstanding Checks			(26,831)
Fund Balance - Ending	<u>\$ 84,279</u>	<u>\$ 3,414</u>	<u>\$ 6,458,130</u>

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

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**TRIGG COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2023**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

The Trigg County Hospital 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, they no longer are required components of the reporting entity. An audit of the entity referenced above can be obtained from the Trigg County Fiscal Court at 38 Main St. Cadiz, KY 42211.

**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.



**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(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.

Community Development Block Grant Fund (CDBG) - 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 government.

Sheriff Fund - The primary purpose of this fund is to account for the expenses of the county sheriff's office. The primary sources of receipts for this fund are fines and tax commissions.

Escrow ABC Fund - The primary purpose of this fund is to account for the expenses for alcohol beverage control for the county. The primary sources of receipts for this fund are alcohol vendor licenses and local alcohol regulatory fees.

Senior Citizens Fund - The primary purpose of this fund is to account for the revenue and expenses for the senior citizens center located in the county. The primary sources of receipts for this fund are from local donor funding.

County Clerk Storage Fees Fund - The primary purpose of this fund is to account for the revenue and expenses related to the county clerk's storage fees. The primary source of receipts for this fund are storage fees collected by the county clerk.

American Rescue Plan Act Fund (ARPA) - The primary purpose of this fund is to account for federal grant funds received and expensed for the purpose of recovery from the COVID-19 pandemic.

Opioid Fund - The primary purpose of this fund is to account for opioid settlement funds received and expensed. The primary source of receipts for this fund is opioid settlement funds disbursed by the state.

**Unbudgeted Fund**

The fiscal court reports the following unbudgeted fund:

Public Justice Center Construction 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.

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**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 Justice Center Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Trigg County Elected Officials**

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

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

**F. Deposits and Investments**

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

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

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**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. The Trigg County Fiscal Court entered an interlocal agreement with City of Cadiz for operation of the following entities: Cadiz-Trigg County Tourist & Convention Commission, Cadiz-Trigg County Economic Development Commission, Cadiz-Trigg County Parks & Recreation Department, and the Cadiz-Trigg County Planning Commission. Joint control and financial interest/responsibility exists between entities within each of these agreements, thus creating joint ventures.

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2023.

	General Fund	American Rescue Plan Act Fund	Total Transfers In
General Fund	\$	\$ 45,000	\$ 45,000
Jail Fund	300,000		300,000
Sheriff Fund	300,000		300,000
Total Transfers Out	<u>\$ 600,000</u>	<u>\$ 45,000</u>	<u>\$ 645,000</u>

Reason for transfers:

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

**Note 4. Leases**

**A. Lessor - Pennyriple Area Development District #1**

During fiscal year 2019, the Trigg County Fiscal Court made a sublease agreement with the Pennyriple Area Development District (PADD). A loan was taken out by the Trigg County Fiscal Court to build an office space for PADD. PADD in return signed a sublease agreement to transfer responsibility for all principal and interest payments for the loan to PADD. The lease has thirteen and a half years remaining. The Trigg County Fiscal Court will receive monthly payments of \$1,667 for the principal plus the interest amount. The Trigg County Fiscal Court recognized \$42,237 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Trigg County Fiscal Court's receivable for lease payments was \$541,036.

**B. Lessor - Pennyriple Area Development District #2**

During fiscal year 2023, the Trigg County Fiscal Court made a sublease agreement with the Pennyriple Area Development District (PADD). A loan was taken out by the Trigg County Fiscal Court to renovate an office space for PADD. PADD in return signed a sublease agreement to transfer responsibility for all principal and interest payments for the loan to PADD. The lease has nineteen and a half years remaining. The Trigg County Fiscal Court will receive monthly principal and interest payments that vary based on an amortization schedule. The Trigg County Fiscal Court recognized \$6,373 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Trigg County Fiscal Court's receivable for lease payments was \$319,685.

**C. Lessor - Administrative Office of the Courts**

During fiscal year 2015, the Trigg County Public Justice Center Corporation made a sublease agreement with the Administrative Office of the Courts (AOC). Bonds were issued by the Trigg County Public Justice Center Corporation to refund 2007 bonds that were issued to fund the Judicial Center project. AOC in return entered into an agreement where AOC will lease the property and pay the annual principal and interest. The lease has six years remaining the Trigg County Public Justice Center Corporation will receive annual payments for the principal plus the interest amount. The Trigg County Public Justice Center Corporation recognized \$909,300 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Trigg County Fiscal Court's receivable for lease payments was \$4,553,375.

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 5. Long-term Debt**

**A. Lease Refunding Revenue Bonds**

**1. Trigg County Public Justice Center Corporation Lease Refunding Revenue Bonds, Series 2015**

On April 23, 2015, the Trigg County Public Justice Center Corporation issued \$7,175,000 of Lease Refunding Revenue Bonds (Judicial Center Project), Series 2015. The bonds were issued by the corporation for the purpose of financing (i) the partial advance refunding of certain maturities of the \$12,280,000 Trigg County Public Justice Center Corporation Lease Revenue Bonds (Judicial Center Project), Series 2007; (ii) the payment of accrued interest, if any; (iii) the payment of the cost of issuance incurred with respect to the issuance of the bonds. The refunding plan is being undertaken to provide interest cost savings to the county and AOC. Interest is payable semi-annually on March 1 and September 1 at a rate of 3 percent. Principal is payable annually on September 1, beginning on September 1, 2019.

The corporation, the county, and the Administrative Office of the Courts (AOC) have entered into a lease rental agreement (lease) dated April 23, 2015, under which AOC will lease from the corporation the Judicial Center, including the real property upon which the courthouse improvements are constructed, for an agreed rent. The rental payments will be assigned by the corporation to the trustee and are anticipated to be adequate to pay approximately 100% of the principal and interest on the bonds. The lease does not require the county to make any rental payments under the lease; however, the county is obligated to provide for the operation, maintenance, insurance, and repair of the Judicial Center.

The bonds are secured by a foreclosable mortgage lien on the project and by the assignment by the corporation of all its right, title, and interest in the lease by and among the corporation, AOC, and the county.

Should AOC fail to pay the stipulated rentals due under the lease, or during any year for which it is renewed, and the county fails to cure such default by AOC within 30 days, at the times stipulated in the lease, all rights of AOC and all future options granted in the lease to the AOC or county in respect of payments in whole of the bonds shall in any event remain in full force and effect; provided that the trustee under the mortgage shall, upon the occurrence of an event of default, be entitled to take certain actions for the benefit of the owners of the bonds, including foreclosure of the mortgage lien on the Judicial Center and sale thereof, but no such sale shall result or give rise to a deficiency judgment of any type or in any amount against AOC or the county or the corporation, and, until such sale, AOC or the county may at any time discharge the bonds and the interest thereon, in which event the county shall receive unencumbered fee simple title to the project.

Total principal balance outstanding as of June 30, 2023, was \$4,225,000. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	\$ 795,000	\$ 115,825
2025	820,000	91,600
2026	845,000	66,625
2027	870,000	40,900
2028	895,000	13,425
Totals	<u>\$ 4,225,000</u>	<u>\$ 328,375</u>

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**B. Direct Borrowings and Direct Placements**

**1. Trigg County Hospital**

On February 26, 2016, the Trigg County Fiscal Court entered into a financing agreement for \$2,025,000 with the Kentucky Association of Counties Finance Corporation for the purpose of (i) providing a grant to Trigg County Hospital, Inc. to make healthcare and healthcare related facilities available for use by the citizens of the county. Interest is payable semi-annually on June 20 and December 20 at a rate of 3 percent. Principal is payable annually on December 20.

This agreement is continually secured by the faith, credit, and revenue of the county. If an event of default occurs and continues beyond a period of 30 days following notice of default given in writing to such defaulting party by any other party, the non-defaulting party may enforce the obligations of the defaulting party to the agreement; provided; however, the sole remedy available is any proceeding to enforce agreement shall be an action in mandamus, for specific performance or similar remedy to compel performance.

Total principal balance outstanding as of June 30, 2023, was \$1,180,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 130,000	\$ 36,850
2025	135,000	32,550
2026	140,000	28,088
2027	145,000	23,463
2028	150,000	18,675
2029-2031	480,000	25,675
Totals	<u>\$ 1,180,000</u>	<u>\$ 165,301</u>

**2. Trigg County Senior Citizens Center**

On September 19, 2017, the Trigg County Fiscal Court entered into a financing agreement for \$610,000 with the Kentucky Association of Counties Finance Corporation to refunding a portion of the outstanding lease agreement by and between the Kentucky Association of Counties Finance Corporation and the County of Trigg, Kentucky, dated December 16, 2010 (the "Prior Lease"), the proceeds of which were used to refinance a lease dated July 20, 2009 the proceeds of which were used to finance the construction of a new senior citizens center. Interest and principal are payable monthly on the first day of the month at an interest rate of 3.53 percent.

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**B. Direct Borrowings and Direct Placements (Continued)**

**2. Trigg County Senior Citizens Center (Continued)**

Whenever any event of default has occurred and is continuing, the lessor may, without any further demand or notice, take one or any combination of the following remedial steps: (a) by appropriate court action, enforce the pledge set forth in section 2 of the ordinance and section 11 of this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due; (b) take legal title to, and sell or re-lease the project or any portion thereof; (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof.

Total principal balance outstanding as of June 30, 2023, was \$490,833. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	\$ 20,833	\$ 14,953
2025	25,000	16,741
2026	27,083	15,428
2027	30,000	14,006
2028	30,000	12,775
2029-2033	155,000	50,432
2034-2038	179,167	24,321
2039	<u>23,750</u>	<u>766</u>
Totals	<u>\$ 490,833</u>	<u>\$ 149,422</u>

**3. Pennyriple Area Development District Office #1**

On July 5, 2018, the Trigg County Fiscal Court entered into a financing agreement for \$500,000 with the Kentucky Association of Counties Finance Corporation to refinance a lease agreement by and between Kentucky Association of Counties Leasing Trust and Pennyriple Area Development District dated March 17, 2008, originally issued to finance the renovation and construction of an office building for Pennyriple Area Development District. Interest and principal are payable monthly on the 20th day of the month with final payment due December 20, 2036, at an interest rate of 3.567 percent.

Total principal balance outstanding as of June 30, 2023, was \$403,333. Future principal and interest requirements are as follows:

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**B. Direct Borrowings and Direct Placements (Continued)**

**3. Pennyrile Area Development District Office #1 (Continued)**

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	\$ 20,833	\$ 16,437
2025	25,000	16,798
2026	25,000	15,485
2027	25,000	14,172
2028	25,000	13,110
2029-2033	155,000	47,928
2034-2037	<u>127,500</u>	<u>13,772</u>
Totals	<u>\$ 403,333</u>	<u>\$ 137,702</u>

**4. Pennyrile Area Development District Office #2**

On March 9, 2023, the Trigg County Fiscal Court entered into a financing agreement for \$195,000 with the Kentucky Association of Counties Finance Corporation for the renovation of an office building for the Pennyrile Area Development District. Interest and principal are payable monthly on the 20th day of the month with final payment due December 20, 2042.

Total principal balance outstanding as of June 30, 2023, was \$192,778. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2024	\$ 5,278	\$ 10,258
2025	5,000	10,009
2026	5,000	9,747
2027	5,000	9,484
2028	5,000	9,222
2029-2033	47,500	40,071
2034-2038	52,500	27,077
2039-2043	<u>67,500</u>	<u>11,038</u>
Totals	<u>\$ 192,778</u>	<u>\$ 126,906</u>



**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**C. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 2,250,833	\$ 195,000	\$ 178,889	\$ 2,266,944	\$ 176,944
Other Debt	4,995,000		770,000	4,225,000	795,000
Total Long-term Debt	<u>\$ 7,245,833</u>	<u>\$ 195,000</u>	<u>\$ 948,889</u>	<u>\$ 6,491,944</u>	<u>\$ 971,944</u>

**D. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations at June 30, 2023, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 795,000	\$ 115,825	\$ 176,944	\$ 78,498
2025	820,000	91,600	190,000	76,098
2026	845,000	66,625	197,083	68,748
2027	870,000	40,900	205,000	61,125
2028	895,000	13,425	210,000	53,782
2029-2033			837,500	164,106
2034-2038			359,167	65,170
2039-2043			91,250	11,804
Totals	<u>\$ 4,225,000</u>	<u>\$ 328,375</u>	<u>\$ 2,266,944</u>	<u>\$ 579,331</u>

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 6. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). 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 Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$541,342, FY 2022 was \$640,624, and FY 2023 was \$642,008.

Nonhazardous

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

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Ky. Ret. Sys. Board of Directors 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 percent 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 26.79 percent.

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:

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they earn ten dollars 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 percent. 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 percent 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 percent. 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.

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

**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**

Ky. Ret. Sys. 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.

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 7. Deferred Compensation**

The Trigg 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 8. Health Reimbursement Account/Flexible Spending Account**

The Trigg County Fiscal Court established a flexible spending account to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides \$800 to employees that take the lowest insurance plan, and \$1,500 if the employee declines county insurance. Employees may also contribute additional pre-tax funds through payroll deduction. These funds can be used to pay for qualified medical expenses. The balance of the plan as of June 30, 2023, was \$26,475.

**TRIGG COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 9. Insurance**

For the fiscal year ended June 30, 2023, the Trigg 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 10. Payroll Revolving Account**

The reconciled balance of the payroll revolving account as of June 30, 2023, was added to the general fund cash balance for financial reporting purposes.

**Note 11. Prior Period Adjustments**

The following adjustments were made to the prior year ending fund balances:

	Ending Cash Balance June 30, 2022	Adjustment for Voided Checks	Restated Cash Balance June 30, 2022
Road Fund	\$ 468,267	\$ 318	\$ 468,585
Jail Fund	202,954	(1)	202,953
Totals	<u>\$ 671,221</u>	<u>\$ 317</u>	<u>\$ 671,538</u>

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**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2023**

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**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2023**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Taxes	\$ 4,398,500	\$ 4,398,500	\$ 4,350,609	\$ (47,891)
In Lieu Tax Payments	300,000	300,000	455,145	155,145
Excess Fees	300,000	300,000	276,587	(23,413)
Licenses and Permits	5,500	5,500	5,615	115
Intergovernmental	821,545	1,321,545	1,322,134	589
Charges for Services	200,000	200,000	186,068	(13,932)
Miscellaneous	234,600	234,600	292,736	58,136
Interest	7,000	7,000	22,202	15,202
Total Receipts	6,267,145	6,767,145	6,911,096	143,951
<b>DISBURSEMENTS</b>				
General Government	1,270,403	1,890,106	1,747,582	142,524
Protection to Persons and Property	2,036,135	2,122,635	1,900,139	222,496
General Health and Sanitation	699,217	542,832	500,005	42,827
Social Services	120,570	121,570	93,183	28,387
Recreation and Culture	559,232	467,233	392,832	74,401
Debt Service	44,763	215,188	263,291	(48,103)
Capital Projects			195,000	(195,000)
Administration	1,472,631	1,343,387	1,054,499	288,888
Total Disbursements	6,202,951	6,702,951	6,146,531	556,420
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	64,194	64,194	764,565	700,371
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds			195,000	195,000
Transfers From Other Funds	223,214	223,214	45,000	(178,214)
Transfers To Other Funds	(1,435,930)	(1,435,930)	(600,000)	835,930
Total Other Adjustments to Cash (Uses)	(1,212,716)	(1,212,716)	(360,000)	852,716
Net Change in Fund Balance	(1,148,522)	(1,148,522)	404,565	1,553,087
Fund Balance - Beginning	1,148,522	1,148,522	1,684,041	535,519
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,088,606	\$ 2,088,606

**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
In Lieu Tax Payments	\$ 70,000	\$ 70,000	\$ 57,375	\$ (12,625)
Intergovernmental	1,525,459	1,525,459	2,074,216	548,757
Miscellaneous	20,000	20,000	2,942	(17,058)
Interest	8,000	8,000	11,317	3,317
Total Receipts	<u>1,623,459</u>	<u>1,623,459</u>	<u>2,145,850</u>	<u>522,391</u>
<b>DISBURSEMENTS</b>				
Roads	2,063,613	2,289,613	2,064,774	224,839
Administration	<u>687,131</u>	<u>461,131</u>	<u>325,323</u>	<u>135,808</u>
Total Disbursements	<u>2,750,744</u>	<u>2,750,744</u>	<u>2,390,097</u>	<u>360,647</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,127,285)</u>	<u>(1,127,285)</u>	<u>(244,247)</u>	<u>883,038</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(223,214)</u>	<u>(223,214)</u>		<u>223,214</u>
Total Other Adjustments to Cash (Uses)	<u>(223,214)</u>	<u>(223,214)</u>		<u>223,214</u>
Net Change in Fund Balance	(1,350,499)	(1,350,499)	(244,247)	1,106,252
Fund Balance - Beginning (Restated)	<u>1,350,499</u>	<u>1,350,499</u>	<u>468,585</u>	<u>(881,914)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 224,338</u>	<u>\$ 224,338</u>

**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 78,500	\$ 78,500	\$ 75,281	\$ (3,219)
Miscellaneous	1,000	1,000	502	(498)
Interest	250	250	748	498
Total Receipts	<u>79,750</u>	<u>79,750</u>	<u>76,531</u>	<u>(3,219)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	994,600	995,214	452,314	542,900
Administration	<u>96,580</u>	<u>95,966</u>	<u>60,103</u>	<u>35,863</u>
Total Disbursements	<u>1,091,180</u>	<u>1,091,180</u>	<u>512,417</u>	<u>578,763</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,011,430)</u>	<u>(1,011,430)</u>	<u>(435,886)</u>	<u>575,544</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>1,011,430</u>	<u>1,011,430</u>	<u>300,000</u>	<u>(711,430)</u>
Total Other Adjustments to Cash (Uses)	<u>1,011,430</u>	<u>1,011,430</u>	<u>300,000</u>	<u>(711,430)</u>
Net Change in Fund Balance			(135,886)	(135,886)
Fund Balance - Beginning (Restated)			<u>202,953</u>	<u>202,953</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 67,067</u>	<u>\$ 67,067</u>

**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 72,000	\$ 72,000	\$ 83,923	\$ 11,923
Interest	100	100	796	696
Total Receipts	72,100	72,100	84,719	12,619
<b>DISBURSEMENTS</b>				
General Government	48,000	48,000	47,000	1,000
General Health and Sanitation	36,000	36,000	33,485	2,515
Social Services	6,000	6,000		6,000
Total Disbursements	90,000	90,000	80,485	9,515
Net Change in Fund Balance	(17,900)	(17,900)	4,234	22,134
Fund Balance - Beginning	17,900	17,900	90,339	72,439
Fund Balance - Ending	\$ 0	\$ 0	\$ 94,573	\$ 94,573

**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 10,000	\$ 10,000	\$
Total Receipts		10,000	10,000	
<b>DISBURSEMENTS</b>				
Social Services		10,000	10,000	
Total Disbursements		10,000	10,000	
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>SHERIFF FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 665,000	\$ 667,354	\$ 703,155	\$ 35,801
Miscellaneous	450	450	2,498	2,048
Interest	50	50	106	56
Total Receipts	665,500	667,854	705,759	37,905
<b>DISBURSEMENTS</b>				
General Government	886,200	889,463	841,406	48,057
Administration	203,800	202,891	207,110	(4,219)
Total Disbursements	1,090,000	1,092,354	1,048,516	43,838
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(424,500)	(424,500)	(342,757)	81,743
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	424,500	424,500	300,000	(124,500)
Total Other Adjustments to Cash (Uses)	424,500	424,500	300,000	(124,500)
Net Change in Fund Balance			(42,757)	(42,757)
Fund Balance - Beginning			225,291	225,291
Fund Balance - Ending	\$ 0	\$ 0	\$ 182,534	\$ 182,534

**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>ESCROW - ABC FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Licenses and Permits	\$ 9,900	\$ 9,900	\$ 9,060	\$ (840)
Miscellaneous	120,000	120,000	159,019	39,019
Interest	100	100	198	98
Total Receipts	130,000	130,000	168,277	38,277
<b>DISBURSEMENTS</b>				
General Government	110,000	110,000	27,864	82,136
Administration	20,000	20,000		20,000
Total Disbursements	130,000	130,000	27,864	102,136
Net Change in Fund Balance			140,413	140,413
Fund Balance - Beginning			327,235	327,235
Fund Balance - Ending	\$ 0	\$ 0	\$ 467,648	\$ 467,648

**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>SENIOR CITIZENS FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$ 2,382	\$ 3,002	\$ 620
Interest			445	445
Total Receipts		2,382	3,447	1,065
<b>DISBURSEMENTS</b>				
Social Services		2,382	75	2,307
Total Disbursements		2,382	75	2,307
Net Change in Fund Balance			3,372	3,372
Fund Balance - Beginning			181,275	181,275
Fund Balance - Ending	\$ 0	\$ 0	\$ 184,647	\$ 184,647



**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>COUNTY CLERK STORAGE FEES FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 19,730	\$	\$ (19,730)
Miscellaneous			24,430	24,430
Interest			5	5
Total Receipts		19,730	24,435	4,705
<b>DISBURSEMENTS</b>				
General Government		19,730	2,892	16,838
Total Disbursements		19,730	2,892	16,838
Net Change in Fund Balance			21,543	21,543
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 21,543	\$ 21,543

**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>AMERICAN RESUCE PLAN ACT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,422,893	\$ 1,706,176	\$ 1,706,176	\$
Interest	1,000	1,000	1,332	332
Total Receipts	1,423,893	1,707,176	1,707,508	332
<b>DISBURSEMENTS</b>				
Protection to Persons and Property			59,799	(59,799)
Administration	2,846,786	3,130,069		3,130,069
Total Disbursements	2,846,786	3,130,069	59,799	3,070,270
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,422,893)	(1,422,893)	1,647,709	3,070,602
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(45,000)	(45,000)
Total Other Adjustments to Cash (Uses)			(45,000)	(45,000)
Net Change in Fund Balance	(1,422,893)	(1,422,893)	1,602,709	3,025,602
Fund Balance - Beginning	1,422,893	1,422,893	1,423,483	590
Fund Balance - Ending	\$ 0	\$ 0	\$ 3,026,192	\$ 3,026,192

**TRIGG COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>OPIOID FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$ 84,192	\$ 84,202	\$ 10
Interest			117	117
Total Receipts		84,192	84,319	127
<b>DISBURSEMENTS</b>				
Administration		84,192	40	84,152
Total Disbursements		84,192	40	84,152
Net Change in Fund Balance			84,279	84,279
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 84,279	\$ 84,279

**TRIGG COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - BUDGETARY COMPARISON SCHEDULES**

**June 30, 2023**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Reconciliation of the General Fund**

Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (360,000)
To adjust for the change in the payroll revolving account	<u>13,289</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u>\$ (346,711)</u>
Fund Balance - Ending - Budgetary Basis	\$ 2,088,606
To adjust for the change in the payroll revolving account	<u>13,289</u>
Total Fund Balance - Ending - Regulatory Basis	<u>\$ 2,101,895</u>

**Note 3. Excess of Disbursements Over Appropriations**

- The General Fund, debt service and capital projects line items exceeded budgeted appropriations by \$48,103 and \$195,000, respectively.
- The Sheriff Fund, administration line item, exceeded budgeted appropriations by \$4,219.
- The American Rescue Plan Act Fund, protection to persons and property line item, exceeded budgeted appropriations by \$59,799.

**TRIGG COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Other Information - Regulatory Basis**

**For The Year Ended June 30, 2023**

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**TRIGG COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Other Information - Regulatory Basis**

**For The Year Ended June 30, 2023**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 458,158	\$	\$	\$ 458,158
Buildings	18,320,471			18,320,471
Machinery and Equipment	2,053,022	106,460	54,500	2,104,982
Vehicles	2,339,716	86,881		2,426,597
Infrastructure	10,375,770	1,083,633		11,459,403
 Total Capital Assets	 <u>\$ 33,547,137</u>	 <u>\$ 1,276,974</u>	 <u>\$ 54,500</u>	 <u>\$ 34,769,611</u>

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

**June 30, 2023**

**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	\$ 25,000	10-60
Buildings and Building Improvements	\$ 75,000	10-75
Machinery and Equipment	\$ 25,000	3-25
Vehicles	\$ 20,000	3-25
Infrastructure	\$ 60,000	10-50



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

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Stan Humphries, Trigg County Judge/Executive  
The Honorable Hollis Alexander, Former Trigg County Judge/Executive

Members of the Trigg 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 Trigg County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Trigg County Fiscal Court's financial statement and have issued our report thereon dated March 7, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002, 2023-003, 2023-004, and 2023-005 to be material weaknesses.



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

**Report on Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-006, 2023-007, 2023-008, and 2023-009 to be significant deficiencies.

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Trigg County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2023-002, 2023-003, 2023-004 and 2023-005.

**Views of Responsible Official and Planned Corrective Action**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Trigg County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 7, 2025

**TRIGG COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2023**

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**TRIGG COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2023**

FINANCIAL STATEMENT FINDINGS:

2023-001    The Trigg County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained

---

This is a repeat finding and was included in the prior year audit report as finding 2022-001. There were no functioning internal controls in place over the work performed by the county treasurer. The fiscal court failed to provide adequate oversight, allowing the county treasurer complete control over the accounting and reporting functions. The following deficiencies and errors were noted during the performance of the audit:

- Budgeted amounts on the fourth quarter financial report were inaccurate. The receipts for the budget amendment that was passed on May 8, 2023, in the amount of \$901,941 was omitted from the fourth quarter financial report.
- The Sheriff's Fund, administration line-item, was overspent by \$4,219. The American Rescue Plan Act Fund, protection to persons and property line-item, was overspent by \$59,799.
- The fiscal court failed to account for debt service payments made directly by the Pennyriple Area Development District (PADD). As the debt is in the county's name and subleased by PADD, the payments are required to be recorded as both a receipt and an expenditure of the county. This resulted in the General Fund's miscellaneous revenue and debt service line-items being understated by \$48,610. This also resulted in the General Fund's debt service line-item budget being overspent by \$48,103.
- The Trigg County Fiscal Court borrowed \$195,000 on March 9, 2023, for PADD office renovations. The loan proceeds were paid directly to PADD on behalf of the fiscal court. Therefore, it was not included in the county's financial statement as budgeted borrowed money or as a budgeted disbursement for fiscal year ended June 30, 2023. This also resulted in the capital projects budgeted line-item being overspent by \$195,000.
- Debt service payments totaling \$170,425 for the hospital financing agreement were recorded under general health and sanitation instead of debt service.

The Trigg County Fiscal Court failed to implement a strong internal control system or provide proper oversight to ensure complete and accurate accounting records were maintained, and instead relied on a single person without adequate oversight. Due to the lack of oversight of the treasurer's functions by the fiscal court, the deficiencies, non-compliances, and undetected errors noted above pertaining to required record-keeping were allowed to occur. Additionally, the fiscal court was unable to properly budget and plan for the following fiscal year due to inaccurate financial information being presented.

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." Segregation of duties and implementation of compensating controls are basic internal controls necessary to ensure the accuracy and reliability of financial reports.

KRS 68.110(1) forbids expenditures in excess of revenues and states, "[t]he fiscal court shall not in any year expend any money in excess of the amount annually levied and collected for that year or levied, collected or appropriated for any special purpose[.]" KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* provides the format to be used when preparing the quarterly financial statement. This format includes reporting original budget estimates, budget amendments, and actual receipts and disbursements and totals available in each line item.

**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-001 The Trigg County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained (Continued)

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We recommend the Trigg County Fiscal Court strengthen oversight and internal controls to ensure complete and accurate accounting records are maintained and that no one individual has control over the accounting functions without establishing checks and balances to verify that amounts recorded and reported are accurate.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The county will maintain more controls.*

2023-002 The Trigg County Fiscal Court Materially Misstated Outstanding Debt Obligations

---

This is a repeat finding and was included in the prior year audit report as finding 2022-002. The fiscal court did not report all outstanding debt bearing the county's name on the Schedule of Outstanding Liabilities as of June 30, 2023. Debt obligations related to the Justice Center Bonds and the Pennyriple Area Development District (PADD) 2023 bond series were omitted from the report. The outstanding principal balance of the Justice Center Bonds as of June 30, 2023, was \$4,225,000, and outstanding interest was \$328,375. The outstanding principal balance of the 2023 PADD bond series as of June 30, 2023, was \$192,778, and the outstanding interest was \$126,907.

Furthermore, the principal balance reported for the hospital lease was overstated by \$255,000, and the interest balance was overstated by \$58,550. The principal balance for the senior citizens center lease was overstated by \$7,917, and interest was overstated by \$106,467. The principal balance for the 2018 PADD office building financing agreement was overstated by \$41,667, and interest was understated by \$137,702.

The fiscal court has not implemented control procedures to ensure that outstanding debt bearing the county's name is reported accurately on the quarterly financial report. Outstanding debt obligations reported to the Department for Local Government (DLG) were materially misstated. Also, due to this omission, the county may not be aware of the future financial obligations necessary to retire debt.

KRS 68.210 gives the State Local Finance Officer (SLFO) the authority to prescribe a uniform system of accounts. This uniform system of accounts is outlined in the *County Budget Preparation and State Local Finance Officer Policy Manual* issued by the DLG. The *County Budget Preparation and State Local Finance Officer Policy Manual* (page 75) outlines instruction for completing the Section III: Outstanding Liabilities Section of the quarterly financial report. This budget section is to be utilized for reporting all current long-term debt, including public corporation bonds, general obligation bonds, Governmental Leasing Act issues, and bond anticipation notes. The instruction includes reporting:

- Principal Balance Remaining - The principal amount outstanding at the time of the report,
- Interest Balance Remaining - The amount of scheduled interest outstanding at the time of the report,
- Net Outstanding - The sum of principal balance and interest balance (line 10 plus line 11) remaining, minus reserve earnings (line 11)
- Total Outstanding Debt - The sum of the net outstanding for all liabilities, both long term and short term.



**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-002 The Trigg County Fiscal Court Materially Misstated Outstanding Debt Obligations (Continued)

The *County Budget Preparation and State Local Finance Officer Policy Manual* (page 72) also requires –all county money is to be reported on the financial statement whether it is included in the budget or not. The statement is a cumulative report and is prepared, signed, and dated by the county judge/executive and the county treasurer pursuant to KRS 68.210.

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.” Implementing a proper review process for debt schedules is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the fiscal court establish control procedures to ensure all outstanding debt obligations bearing the county’s name are accurately reported on quarterly financial reports.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: We will confirm that the report sent is accurate.*

2023-003 The Trigg County Fiscal Court Did Not Prepare A Financial Statement For The Public Justice Center Corporation Fund

This is a repeat finding and was included in the prior year audit report as finding 2022-003. The fiscal court maintains an unbudgeted fund, the Public Justice Center Corporation Fund, to account for the bond issuance and debt payments related to the construction of the Justice Center. During fiscal year 2023, this fund received \$909,568 from the Administrative Office of the Courts and interest and expended \$909,051 on debt payments and administrative fees. The fiscal court maintains ledgers related to the Justice Center Fund but did not prepare an annual financial statement.

The county treasurer was not aware that an official financial statement was required to be prepared on the Public Justice Center Corporation Fund. Due to the omission of the financial activity related to the Public Justice Center Corporation Fund, the county’s financial statements as of June 30, 2023, were materially misstated. Audit adjustments have been proposed to account for the fund.

The Public Justice Center Corporation is a component unit of the Trigg County Fiscal Court. As such, the fiscal court is responsible to account for these funds in accordance with the requirements set forth by the SLFO. KRS 68.210 gives the SLFO the authority to prescribe a uniform system of accounts. This uniform system of accounts is outlined in the DLG’s *County Budget Preparation and State Local Finance Officer Policy Manual*, which requires county government to maintain a receipts and disbursements journal, perform monthly bank reconciliations, and prepare an annual financial statement.

**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-003 The Trigg County Fiscal Court Did Not Prepare A Financial Statement For The Public Justice Center Corporation Fund (Continued)

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While DLG does not require the Public Justice Center Corporation Fund to be budgeted, the fiscal court is required to maintain a receipts and disbursements journal, perform monthly bank reconciliations, and prepare a year-end financial statement for the Public Justice Center Corporation Fund. Good internal controls dictate that procedures be in place to ensure all financial activity related to operating the county is properly reported.

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.” Ensuring all financial activity related to operating the county is properly reported is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the fiscal court establish procedures to ensure compliance with DLG’s requirements for reporting financial activity related to the Public Justice Center Corporation Fund.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: A spreadsheet was prepared for the PJCC, however, it was not reported with the year end report.*

Auditor’s Reply: The treasurer maintained a ledger worksheet for the Public Justice Center Corporation Fund; however, an annual financial statement was not prepared.

2023-004 The Trigg County Fiscal Court Did Not Have Adequate Controls Over Disbursements

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This is a repeat finding and was included in the prior year audit report as finding 2022-004. During fiscal year 2023, the Trigg County Fiscal Court had material weaknesses in internal control and noncompliances over disbursements. The following findings were noted regarding Trigg County Fiscal Court’s disbursements:

- The Trigg County Fiscal Court’s purchase order system did not function as designed. Purchase orders were either not properly completed, were issued after the purchases had been made and the invoices were received, or not issued at all. We tested 31 transactions, totaling \$3,832,130, and noted the following:
  - Eighteen invoices, totaling \$3,051,201, had purchase orders that did not include the account codes.
  - Fourteen invoices, totaling \$1,483,077, had purchase orders that were prepared after the invoice date.
  - One invoice in the amount of \$10,000 did not have a purchase order.
- Itemized invoices were not maintained for six credit card purchases, totaling \$645.
- Competitive bidding procedures were not followed for a truck purchased in the amount of \$61,885. The specifications included in the bid advertisement for this truck were brand specific.

**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-004 The Trigg County Fiscal Court Did Not Have Adequate Controls Over Disbursements (Continued)

The fiscal court failed to establish appropriate internal controls over disbursements. The fiscal court's failure to establish effective internal controls over disbursements resulted in the instances of noncompliance reflected above. These issues noted above could also result in line items being over budget, claims being paid not related to the fiscal court, inaccurate reporting, and misappropriation of assets. In addition, the fiscal court was not in compliance with their administrative code. Furthermore, the fiscal court might not have received the best value for the truck purchased.

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 retention and review of adequate supporting documentation for all disbursements and credit card transactions is a basic internal control necessary to ensure the accuracy and reliability of financial reports. All vendor invoices and receipts should be maintained, including any additional supporting documentation and agreed to the corresponding purchase order and reports.

In addition, KRS 68.210 gives the SLFO the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual* which requires a purchase order system for all counties, and each county is responsible for ensuring its purchase order system is executed and working properly.

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

The Trigg County Fiscal Court's Administrative Code section 8.2(c) states that "[a]ny expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than thirty thousand dollars (\$30,000) shall be subject to competitive bidding."

**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-004 The Trigg County Fiscal Court Did Not Have Adequate Controls Over Disbursements (Continued)

We make the following recommendations to the fiscal court:

- Internal control procedures regarding purchase orders should be strengthened by requiring purchase orders to be issued prior to purchases being made or services rendered in accordance with DLG's requirements and KRS 68.210.
- Proper documentation should be maintained for all disbursements to properly support claims.
- Competitive bidding procedures should be followed for all applicable purchases over the bidding threshold.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Purchase Orders will have the account numbers on them going forward.*

2023-005 The Trigg County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases

This is a repeat finding and was included in the prior year audit report as finding 2022-005. The Trigg County Fiscal Court failed to maintain a complete and accurate schedule of leases for the 2023 fiscal year. This schedule is a required part of the financial statement reporting package required by the DLG. While the county maintained a schedule of leases for which they were either lessor or lessee, the schedule was not accurate. It only included the Pennyriple Area Development District lease that began in fiscal year 2023, and omitted the Administrative Office of the Courts and the Pennyriple Area Development District leases which began during previous fiscal years and were still in effect. During fiscal year 2023, the fiscal court received \$957,910 for property it leased as lessor. The fiscal court's schedule only listed \$4,779 received.

According to the county personnel, errors were made when preparing the lease schedule, and though this was required in the prior year, the 2022 schedule had not been audited, so they were unaware of the errors made. They were also unaware that the Administrative Office of the Courts lease should have been included. The Trigg County Fiscal Court was not in compliance with the requirements of Governmental Accounting Standards Board (GASB) Statement 87 because it did not compile or maintain an accurate and complete schedule of leases.

Statement No. 87 of the GASB establishes standards of accounting and financial reporting for leases by lessees and lessors. The note disclosure requirements of this statement apply to financial statements of all state and local governments and should include the following:

- 1) Lessee:
  - a) A general description of its leasing arrangements, including (1) the basis, terms, and conditions on which variable payments not included in the measurement of the lease liability are determined and (2) the existence, terms, and conditions of residual value.
  - b) The total amount of lease, principal, and interest (*if disclosed in agreement*).
- 2) Lessor:
  - a) A general description of its leasing arrangements, including the basis, terms, and conditions.
  - b) The existence, terms, and conditions of options by the lessee to terminate the lease.

**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-005 The Trigg County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases  
 (Continued)

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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.” Implementing a proper review process for lease schedules is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the Trigg County Fiscal Court maintain a complete schedule of all leases and follow the standards set forth by GASB 87 to ensure note disclosures are complete and accurate.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: We will maintain information about the Justice Center.*

2023-006 The Trigg County Fiscal Court Failed To Implement Adequate Controls Over Reconciliations And  
 Off-Site Collections

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This is a repeat finding and was included in the prior year audit report as finding 2022-006. The fiscal court has not implemented adequate controls over bank reconciliations and receipts collected by off-site locations, namely its sports complex and recycling center. The county treasurer performs monthly bank reconciliations with no documented review by the fiscal court or another individual not involved in processing receipts and disbursements. In addition, the fiscal court does not require off-site locations to submit documentation to ensure amounts received are complete and accurate. The fiscal court receives money from off-site locations for concession sales, complex rentals, and recycling fees.

Concession sales are mostly cash transactions collected by the complex director during sporting events. These transactions are processed through a cash register, however, the cash register tape that details the total amounts received for specified dates is not provided to the county to ensure amount received is accurate. Customers are not given a receipt. Furthermore, the complex director keeps the cash from concession sales at his house overnight when the office is not open on the day of concession sales.

Recycling fees are collected at the recycling center. Customers are not given a receipt. The recycling center employee takes the cash/check and places it into a lockbox and writes the items on a receipts listing. Money and a receipts listing are turned into the county treasurer’s office once a week.

The fiscal court has failed to establish sufficient oversight procedures over monthly bank reconciliations and failed to realize the importance of establishing control procedures over receipts from off-site locations, which are at greater risk of misappropriation. Since control procedures have not been implemented over receipts from off-site locations, the fiscal court cannot ensure that all receipts are accounted for properly. Without requiring adequate documentation, proper collection procedures, and sufficient supervisor oversight, the fiscal court is increasing the risk of misappropriation of county assets or fraud occurring in these areas. In addition, without sufficient oversight procedures over monthly bank reconciliations, this lack of internal controls could also lead to the misappropriation of assets or fraud.

**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-006 The Trigg County Fiscal Court Failed To Implement Adequate Controls Over Reconciliations And Off-Site Collections (Continued)

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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.” Segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Implementation of compensating controls, when needed because of the number of staff is limited, is essential for providing protection to employees in the normal course of performing their duties and can also help prevent inaccurate financial reporting and/or misappropriation of assets. In addition, the issuance of receipts and review of all off-site receipts are basic internal controls necessary to ensure the accuracy and reliability of financial reports.

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

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 DLG’s *County Budget Preparation and State Local Finance Officer Policy Manual* requires deposits to be made intact daily into a federally insured banking institution.

We recommend the fiscal court segregate duties related to monthly bank reconciliations. If segregating duties is not feasible, the fiscal court should implement oversight procedures. All review procedures should be signed and dated by the employee performing the review.

We also recommend that the fiscal court implement control procedures for receipts collected by off-site locations. At a minimum, the fiscal court should require off-site locations to issue receipts for all monies received and maintain and submit supporting documentation on all amounts collected. This could include cash register tapes, calendar of events log, receipts issued to customers, and daily check out sheets. In addition, all receipts collected at off-site locations should be turned over to the county treasurer daily to be deposited according to the DLG manual.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: The concessions will be able to hand receipts to all customers. The recycling center will turn their money to the treasurer more often.*

2023-007 The Trigg County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing

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This is a repeat finding and was included in the prior year audit report as finding 2022-007. The Trigg County Fiscal Court lacks adequate controls over payroll processing. During payroll testing, the following issues were noted:

- A salary schedule could not be obtained for the time period under audit. Therefore, auditors could not determine that salaries were appropriately approved by the fiscal court.
- Vision insurance was incorrectly withheld for one employee.
- The fiscal court did not approve the jailer’s salary by resolution as required by KRS 441.245 for the audit period.

**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-007 The Trigg County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing  
 (Continued)

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The fiscal court has not implemented control procedures to ensure approved timesheets agree to payroll summary reports. Furthermore, the fiscal court chose not to create a salary schedule as required by the county's administrative code. The lack of effective internal controls over payroll makes the county vulnerable to fraud related to payroll expenses. There is also a heightened risk that employees could be compensated incorrectly.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Review and approval of timesheets and payroll summaries are basic internal controls necessary to ensure the accuracy and reliability of the payroll process and financial reports.

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

The Trigg County Administrative Code section 5.16 Selection and Appointment states, "B. The County Judge shall select job candidates to be submitted to Fiscal Court for approval. Fiscal Court shall approve all salaries or appropriate salary schedules."

We recommend the fiscal court approve salaries and hourly wage rates at fixed amounts for all county employees. The fiscal court should also pass a resolution each year detailing the jailer's duties and compensation.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: New payroll system should maintain earnings and deductions.*

2023-008 The Trigg County Fiscal Court Failed To Properly Reconcile The Payroll Revolving Account

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This is a repeat finding and was included in the prior year audit report as finding 2022-008. The Trigg County Fiscal Court's Payroll Revolving Account did not reconcile to zero. For fiscal year ending June 30, 2023, the Payroll Revolving Account had an audited reconciled ending balance of \$30,918. In addition, the treasurer presented a reconciliation for the Payroll Revolving Account that had an ending book balance of \$138,419. That reconciliation did not include retirement liabilities and IRS payments when calculating the book balance.

According to the county treasurer, the reason the Payroll Revolving Account does not reconcile to a zero balance is because excess amounts were transferred to the accounts years ago and have never been returned to the respective operating funds. Since the Payroll Revolving Account is not reconciled to a zero balance, payroll expenses and ending fund balances on the fourth quarter financial statement could be misstated. Also, the surplus balance in the Payroll Revolving Account could be utilized by the fiscal court to operate the county.

**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-008 The Trigg County Fiscal Court Failed To Properly Reconcile The Payroll Revolving Account  
 (Continued)

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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.” Ensuring accuracy of bank accounts and reconciling revolving accounts to zero is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the fiscal court implement policies and procedures to ensure proper amounts are transferred to the Payroll Revolving Account from the corresponding operating funds. We further recommend the fiscal court ensure that the revolving account reconciles to a zero balance.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: The payroll account has had a higher balance as a precaution, however, a smaller amount will be kept in it.*

2023-009 The Trigg County Fiscal Court Failed To Implement Adequate Controls Over The Health Reimbursement Account (HRA) Program

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This is a repeat finding and was included in the prior year audit report as finding 2022-009. The fiscal court does not have adequate control procedures over the Health Reimbursement Account (HRA) program. The HRA is currently set up so that the fiscal court periodically transfers funds into the insurance account. Throughout the plan year, the fiscal court allows the service organization that handles this program to draw lump sum amounts from the insurance account. The service organization sends an email requesting an amount to be withdrawn. There is no documentation as to which employee the draws are for or the balances in each employee’s accounts.

The fiscal court did not realize that they should have oversight procedures over the HRA program. According to the benefit plan report as of June 30, 2023, the HRA balance was \$26,475. However, the fiscal court’s insurance account had a reconciled book balance of \$58,000. This means that the HRA was overfunded by \$31,525.

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.” Performing bank reconciliations and comparing them to the HRA balances is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the fiscal court establish oversight procedures for HRA and maintain documentation on employees’ balances to ensure the appropriate amounts are provided to the HRA.



**TRIGG COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-009 The Trigg County Fiscal Court Failed To Implement Adequate Controls Over The Health Reimbursement Account (HRA) Program (Continued)

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Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The amount in the account is overseen by a third party and contributions are made annually by the fiscal court. The amount in the account is known by the county officials, however, it doesn't always match up with what our HRA provider has.*

Auditor's Reply: The Health Reimbursement Account Administrator is not part of the county's system of internal controls. The county should have established monitoring of the administrator to verify accurate record keeping and reporting.

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

**TRIGG COUNTY FISCAL COURT**

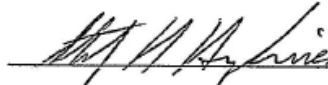
**For The Year Ended June 30, 2023**

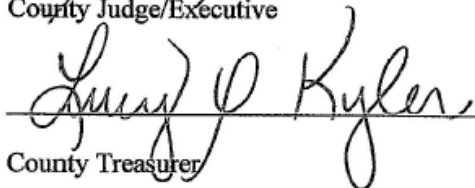
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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
TRIGG COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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

  
\_\_\_\_\_  
County Judge/Executive

  
\_\_\_\_\_  
County Treasurer