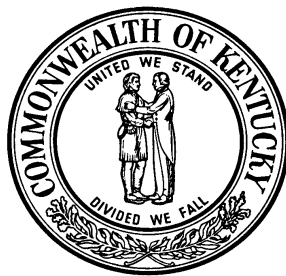


**REPORT OF THE AUDIT OF THE
CARLISLE COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2021**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Carlisle County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the Carlisle County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this 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 Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Greg Terry, Carlisle County Judge/Executive
Members of the Carlisle 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 Carlisle 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.

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 paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Carlisle County Fiscal Court as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Carlisle County Fiscal Court as of June 30, 2021, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government as described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Carlisle County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) and Schedule of Capital Assets (other information) 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.

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022, on our consideration of the Carlisle 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 Carlisle County Fiscal Court's internal control over financial reporting and compliance.

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

- 2021-001 The Carlisle County Fiscal Court Failed To Implement Internal Controls Over The Ambulance Billing Services
- 2021-002 The Carlisle County Fiscal Court Did Not Comply With Bid Regulations

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

January 19, 2022

CARLISLE COUNTY OFFICIALS**For The Year Ended June 30, 2021****Fiscal Court Members:**

Greg Terry	County Judge/Executive
James "Sonny" Pearson	Magistrate
Lisa Adams	Magistrate
Matt Oliver	Magistrate

Other Elected Officials:

Michael Hogancamp	County Attorney
David Nelson	Jailer
Becky Martin	County Clerk
Kevin Hoskins	Circuit Court Clerk
Will Gilbert	Sheriff
Jonathan Bruer	Property Valuation Administrator
Brigitte Choate	Coroner

Appointed Personnel:

Kalia Bruer	County Treasurer
Jessica Galloway	Finance Officer

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

For The Year Ended June 30, 2021

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

For The Year Ended June 30, 2021

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 923,874	\$	\$
In Lieu Tax Payments	25,071		
Excess Fees	98,097		
Licenses and Permits	93,080	10	
Intergovernmental	574,884	1,522,396	87,610
Charges for Services			
Miscellaneous	86,765	13,446	10,397
Interest	2,305	6,277	12
Total Receipts	<u>1,804,076</u>	<u>1,542,129</u>	<u>98,019</u>
DISBURSEMENTS			
General Government	992,801		
Protection to Persons and Property	1,038		92,164
General Health and Sanitation	10,936		
Social Services			
Recreation and Culture	26,063		
Roads		994,270	
Road Facilities		24,006	
Debt Service	19,455		
Capital Projects	533	107,264	
Administration	309,307	78,257	11,474
Total Disbursements	<u>1,360,133</u>	<u>1,203,797</u>	<u>103,638</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>443,943</u>	<u>338,332</u>	<u>(5,619)</u>
Other Adjustments to Cash (Uses)			
Change in Payroll Revolving Account	(45,340)		
Transfers From Other Funds	182,960		
Transfers To Other Funds	(195,656)	(182,960)	
Total Other Adjustments to Cash (Uses)	<u>(58,036)</u>	<u>(182,960)</u>	
Net Change in Fund Balance	385,907	155,372	(5,619)
Fund Balance - Beginning (Restated)	496,846	769,460	106,579
Fund Balance - Ending	<u>\$ 882,753</u>	<u>\$ 924,832</u>	<u>\$ 100,960</u>
Composition of Fund Balance			
Bank Balance	\$ 643,557	\$ 465,482	\$ 100,995
Less: Outstanding Checks	(1,500)	(46,283)	(35)
Certificates of Deposit	238,863	505,633	
Payroll Revolving Account	1,833		
Fund Balance - Ending	<u>\$ 882,753</u>	<u>\$ 924,832</u>	<u>\$ 100,960</u>

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

CARLISLE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2021
(Continued)

Budgeted Funds				
Disaster Emergency Services Fund	Ambulance Fund	911 Fund	Easter Egg Hunt/ Carlisle Festival Fund	Hazardous Mitigation Fund
\$	\$ 259,459	\$ 183,311	\$	\$
	3,481			
12,425		20,968		4,322
	335,466			
25	136,906	33	2,656	
	224	3		
<u>12,450</u>	<u>735,536</u>	<u>204,315</u>	<u>2,656</u>	<u>4,322</u>
32,295	522,708	238,726		
			3,211	
	110,739			
<u>13,144</u>	<u>18,774</u>	<u>53,776</u>		
<u>45,439</u>	<u>652,221</u>	<u>292,502</u>	<u>3,211</u>	
<u>(32,989)</u>	<u>83,315</u>	<u>(88,187)</u>	<u>(555)</u>	<u>4,322</u>
33,700	47,368	114,588		
<u>33,700</u>	<u>47,368</u>	<u>114,588</u>		
711	130,683	26,401	(555)	4,322
2,966	126,716	8,578	3,321	1,004
<u>\$ 3,677</u>	<u>\$ 257,399</u>	<u>\$ 34,979</u>	<u>\$ 2,766</u>	<u>\$ 5,326</u>
\$ 3,677	\$ 258,169	\$ 34,986	\$ 2,766	\$ 5,326
	(770)	(7)		
<u>\$ 3,677</u>	<u>\$ 257,399</u>	<u>\$ 34,979</u>	<u>\$ 2,766</u>	<u>\$ 5,326</u>

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

CARLISLE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2021
(Continued)

	<u>Budgeted Funds</u>		<u>Unbudgeted Fund</u>	<u>Total Funds</u>
	<u>Food Bank Fund</u>	<u>Community Building Fund</u>	<u>Public Properties Corporation Fund</u>	
RECEIPTS				
Taxes	\$	\$	\$	\$ 1,366,644
In Lieu Tax Payments				25,071
Excess Fees				98,097
Licenses and Permits				96,571
Intergovernmental			762,851	2,985,456
Charges for Services				335,466
Miscellaneous	2,100	64,158		316,486
Interest	2	5	112	8,940
Total Receipts	<u>2,102</u>	<u>64,163</u>	<u>762,963</u>	<u>5,232,731</u>
DISBURSEMENTS				
General Government		43,906		1,036,707
Protection to Persons and Property				886,931
General Health and Sanitation				10,936
Social Services	162			162
Recreation and Culture				29,274
Roads				994,270
Road Facilities				24,006
Debt Service		19,910	761,351	911,455
Capital Projects				107,797
Administration		485		485,217
Total Disbursements	<u>162</u>	<u>64,301</u>	<u>761,351</u>	<u>4,486,755</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,940</u>	<u>(138)</u>	<u>1,612</u>	<u>745,976</u>
Other Adjustments to Cash (Uses)				
Change in Payroll Revolving Account				(45,340)
Transfers From Other Funds				378,616
Transfers To Other Funds				(378,616)
Total Other Adjustments to Cash (Uses)				<u>(45,340)</u>
Net Change in Fund Balance	1,940	(138)	1,612	700,636
Fund Balance - Beginning (Restated)	<u>4,887</u>	<u>17,560</u>	<u>555,842</u>	<u>2,093,759</u>
Fund Balance - Ending	<u>\$ 6,827</u>	<u>\$ 17,422</u>	<u>\$ 557,454</u>	<u>\$ 2,794,395</u>
Composition of Fund Balance				
Bank Balance	\$ 6,827	\$ 17,422	\$ 557,454	\$ 2,096,661
Less: Outstanding Checks				(48,595)
Certificates of Deposit				744,496
Payroll Revolving Account				1,833
Fund Balance - Ending	<u>\$ 6,827</u>	<u>\$ 17,422</u>	<u>\$ 557,454</u>	<u>\$ 2,794,395</u>

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

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TO THE FINANCIAL STATEMENT**

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**CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Carlisle County includes all budgeted and unbudgeted funds under the control of the Carlisle 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 as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, 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.

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Disaster Emergency Services Fund - The primary purpose of this fund is to account for expenses related to disasters and emergency events. The primary sources of receipts for this fund are grants from the state and federal government.

Ambulance Fund - The primary purpose of this fund is to account for the operation of the ambulance services provided by the county.

911 Fund - The primary purpose of this fund is to account for emergency equipment expenses of the county. The primary source of receipts for this fund is 911 surcharges.

Easter Egg Hunt/Carlisle Festival Fund - The primary purpose of this fund is to account for the revenues and expenses associated with recreational events put on by the county. The primary source of receipts are donations and ticket sales.

Hazardous Mitigation Fund - The primary purpose of this fund is to account for the revenues and expenses associated with hazard mitigation in which action is taken to reduce or eliminate long term risk to people and property from natural disasters.

Food Bank Fund - The primary purpose of this fund is to account for the revenues and expenses associated with the local food bank. The primary source of receipts is donations.

Community Building Fund - The primary purpose of this fund is to account for the revenues and expenses associated with the community building. The primary sources of receipts are reimbursements and rental fees.

Unbudgeted Fund

The fiscal court reports the following unbudgeted fund:

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

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

D. Budgetary Information

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.

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

E. Carlisle County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

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) *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 *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2021.

	General Fund	Road Fund	Total Transfers In
General Fund	\$	\$ 182,960	\$ 182,960
Disaster Emergency Services Fund	33,700		33,700
Ambulance Fund	47,368		47,368
911 Fund	114,588		114,588
Total Transfers Out	<u>\$ 195,656</u>	<u>\$ 182,960</u>	<u>\$ 378,616</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. Notes Receivable Lease Agreement - Farm Service Agency

The Carlisle County Fiscal Court entered into an agreement in November 2015, with the Farm Service Agency a branch of the Federal Department of Agriculture to lease a portion of the community building. The lease is for 10 years with a rent payment of \$33,387 a year. For the first 5 years \$9,059 will be paid by the Farm Service Agency each year for improvements to the building. The contract may be terminated with 120 days notice, however the costs of the improvements to the building would still be owed by the Farm Service Agency.

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Kentucky Association Of Counties Finance Corporation - Extension Office And Ambulance Building

The Carlisle County Fiscal Court entered into a financing agreement on December 13, 2013, with the Kentucky Association of Counties Finance Corporation for the purpose of construction of the Carlisle County Extension Office and Emergency Ambulance Service Building. Interest is paid semi-annually for 30 years with an assumed interest rate of 3 percent to 4.5 percent. Carlisle County has subleased half of the building to the Carlisle County Extension Office, and the extension office is providing 50% of the debt service payments as prescribed in the aforementioned lease. Per the financing agreement the bonds are secured by a foreclosable first mortgage lien on the project. In case of default, the lessor may: a) by appropriate court action, enforce the pledge set forth in section 2 of the ordinance and section II 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. As of June 30, 2021, Carlisle County is in compliance with the agreement. The principal balance as of June 30, 2021, was \$1,165,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 30,000	\$ 52,992
2023	35,000	52,018
2024	35,000	50,880
2025	35,000	49,568
2026	35,000	48,254
2027-2031	200,000	217,408
2032-2036	255,000	167,480
2036-2041	315,000	101,988
2041-2044	225,000	23,050
Totals	<u>\$ 1,165,000</u>	<u>\$ 763,638</u>

2. Carlisle County Industrial Development Board

The Carlisle County Fiscal Court entered into an agreement on June 7, 2016, with the Carlisle County Industrial Development Board for the purpose of purchasing equipment for \$90,000, \$39,047 of the lease was financed at an assumed interest rate of 6 percent and the remainder of \$50,953 was financed at an assumed interest rate of 2.5 percent. As of June 30, 2021, the balance had been paid in full.

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Kentucky Association Of Counties Leasing Trust (KAColt) - Ambulance

The Carlisle County Fiscal Court entered into a financing agreement on January 31, 2017, with Kentucky Association of Counties Leasing Trust (KAColt) for the purpose of purchasing an ambulance. The principal amount was \$123,555 at an assumed interest rate of 3.52 percent for five years. In the event of default, the lessor may terminate the lease term and give notice to the lessee to vacate or surrender the equipment within sixty days from the date of such notice. As of June 30, 2021, Carlisle County is in compliance with the lease agreement. The principal balance as of June 30, 2021, was \$17,500. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 17,500	\$ 232
Totals	<u>\$ 17,500</u>	<u>\$ 232</u>

4. Kentucky Association Of Counties Leasing Trust (KAColt) - Sheriff Vehicles

The Carlisle County Fiscal Court entered into a financing agreement on August 20, 2019, with the Kentucky Association of Counties Leasing Trust (KAColt) for the purpose of purchasing two vehicles for the sheriff. The principal amount was \$84,721 at an assumed interest rate of 3.99 percent for five years. In the event of default, the lessor may terminate the lease term and give notice to the lessee to vacate or surrender the equipment within sixty days from the date of such notice. As of June 30, 2021, Carlisle County is in compliance with the lease agreement. The principal balance as of June 30, 2021, was \$53,657. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 16,945	\$ 1,833
2023	16,944	1,157
2024	16,944	480
2025	<u>2,824</u>	<u>14</u>
Totals	<u>\$ 53,657</u>	<u>\$ 3,484</u>

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

5. First Mortgage Revenue Refunding Bonds, Series 2017 (Court Facilities Project)

The Carlisle County Public Properties Corporation issued first mortgage revenue refunding bonds, series 2017 dated May 30, 2017, for \$5,132,103 to be used to partially defease the first mortgage revenue bonds, series 2009 (Court Facilities Project). Principle payments are due annually starting on September 1, 2020 and semi-annual interest due every September 1 and March 1 at a rate of 2.49 percent. The Carlisle County Public Properties Corporation has leased the building to the Commonwealth of Kentucky, Administrative Office of the Courts (AOC), and AOC is providing the debt service payments as prescribed in the aforementioned lease. In the event of default, the trustee will take over possession, custody and control of the building and will operate or carry out decretal sale and use any proceeds to pay off any outstanding principal or interest. As of June 30, 2021, the Carlisle County Public Properties Corporation is in compliance with the bond agreement. The principal balance as of June 30, 2021, was \$5,094,607. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 61,684	\$ 126,088
2023	665,899	117,029
2024	684,396	100,218
2025	701,913	82,959
2026	718,222	65,278
2027-2029	2,262,493	85,305
Totals	<u>\$ 5,094,607</u>	<u>\$ 576,877</u>

B. Other Debt

1. First Mortgage Revenue Bonds, Series 2009 (Court Facilities Project)

The Carlisle County Public Properties Corporation issued first mortgage revenue bonds, series 2009, dated September 1, 2009, for \$10,770,000 to be used for the construction of the Carlisle County Courthouse. Interest is payable semi-annually and varies from 1 percent to 4 percent. In May 2017, the Carlisle County Public Properties Corporation refinanced a portion of these bonds by issuing first mortgage revenue refunding bonds, series 2017, in the amount of \$4,780,000. The Carlisle County Public Properties Corporation has leased the building to the Commonwealth of Kentucky, Administrative Office of the Courts (AOC), and AOC is providing the debt service payments as prescribed in the aforementioned lease. In the event of default, the trustee will take over possession, custody and control of the building and will operate or carry out decretal sale and use any proceeds to pay off any outstanding principal or interest. As of June 30, 2021, the Carlisle County Public Properties Corporation is in compliance with the bond agreement. The principal balance as of June 30, 2021, was \$585,000. Future principal and interest requirements are as follows:

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-term Debt (Continued)

B. Other Debt (Continued)

1. First Mortgage Revenue Bonds, Series 2009 (Court Facilities Project) (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 585,000	\$ 10,823
Totals	\$ 585,000	\$ 10,823

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2021, was as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements*	\$ 6,460,345	\$	\$ 129,581	\$ 6,330,764	\$ 126,129
Other Debt*	1,150,000		565,000	585,000	585,000
Total Long-term Debt	<u>\$ 7,610,345</u>	<u>\$ 0</u>	<u>\$ 694,581</u>	<u>\$ 6,915,764</u>	<u>\$ 711,129</u>

The beginning balance for direct borrowings and direct placements was restated by \$5,132,103 and other debt has been restated by (\$4,780,000) for a net restatement of \$352,103 to properly account for refunding bonds issued in 2017.

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-term Debt (Continued)

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2021, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest
2022	\$ 126,129	\$ 181,146	\$ 585,000	\$ 10,823
2023	717,843	170,203		
2024	736,340	151,578		
2025	739,737	132,541		
2026	753,222	113,533		
2027-2031	2,462,493	302,713		
2032-2036	255,000	167,480		
2037-2041	315,000	101,988		
2041-2045	225,000	23,050		
Totals	<u>\$ 6,330,764</u>	<u>\$ 1,344,232</u>	<u>\$ 585,000</u>	<u>\$ 10,823</u>

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 (KRS). 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 Retirement Systems as an agency of the Commonwealth is now known as the Kentucky Public Pensions Authority (KPPA). The governance of CERS has been transferred to a separate 9-member board of trustees that is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2019 was \$206,858, FY 2020 was \$221,224, and FY 2021 was \$250,778.

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 KRS insurance fund.

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 6. Employee Retirement System (Continued)

Nonhazardous (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5 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 KRS 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 24.06 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:

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn 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 161.714 with exception of COLA and retiree health benefits after July 2003.

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

Once members reach a minimum vesting period of 15 years, they earn 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 161.714 with exception of COLA and retiree health benefits after July 2003. 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 KRS 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.

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.

KRS Annual Financial Report and Proportionate Share Audit Report

KRS 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.

CARLISLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 7. Deferred Compensation

The Carlisle 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

The Carlisle County Fiscal Court established a health reimbursement spending account on July 1, 2013, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee, providing \$1,500 each year to pay for qualified medical expenses. The balance of the plan is \$8,892.

Note 9. Insurance

For the fiscal year ended June 30, 2021, the Carlisle 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. Prior Period Adjustments

The following funds were restated to account for bank activity that had not been previously reported. The following are the restated beginning balances:

	Prior Year Ending Cash Balance	Prior Year Voided Checks	Beginning Cash Balance Restated
	<u> </u>	<u> </u>	<u> </u>
General Fund	\$ 501,683	\$ (4,837)	\$ 496,846
Road Fund	769,453	7	769,460
Food Bank Fund	<u>0</u>	<u>4,887</u>	<u>4,887</u>
	<u>\$ 2,093,702</u>	<u>\$ 57</u>	<u>\$ 2,093,759</u>

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CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

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CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 858,200	\$ 889,241	\$ 923,874	\$ 34,633
In Lieu Tax Payments	26,500	26,500	25,071	(1,429)
Excess Fees		97,176	98,097	921
Licenses and Permits	34,400	64,193	93,080	28,887
Intergovernmental	320,715	538,610	574,884	36,274
Miscellaneous	5,100	61,951	86,765	24,814
Interest	15	2,288	2,305	17
Total Receipts	<u>1,244,930</u>	<u>1,679,959</u>	<u>1,804,076</u>	<u>124,117</u>
DISBURSEMENTS				
General Government	847,257	1,122,889	992,801	130,088
Protection to Persons and Property	2,338	2,338	1,038	1,300
General Health and Sanitation	14,742	14,742	10,936	3,806
Social Services	500	500		500
Recreation and Culture	25,000	26,538	26,063	475
Debt Service	19,455	19,455	19,455	
Capital Projects		533	533	
Administration	343,374	878,232	309,307	568,925
Total Disbursements	<u>1,252,666</u>	<u>2,065,227</u>	<u>1,360,133</u>	<u>705,094</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(7,736)</u>	<u>(385,268)</u>	<u>443,943</u>	<u>829,211</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	182,960	182,960	182,960	
Transfers To Other Funds	(175,224)	(275,180)	(195,655)	79,525
Total Other Adjustments to Cash (Uses)	<u>7,736</u>	<u>(92,220)</u>	<u>(12,695)</u>	<u>79,525</u>
Net Change in Fund Balance		(477,488)	431,248	908,736
Fund Balance - Beginning (Restated)		<u>477,488</u>	<u>449,672</u>	<u>(27,816)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 880,920</u>	<u>\$ 880,920</u>

CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$	\$ 10	\$ 10	\$
Intergovernmental	821,376	1,537,734	1,522,396	(15,338)
Miscellaneous	11,000	16,235	13,446	(2,789)
Interest	100	5,308	6,277	969
Total Receipts	<u>832,476</u>	<u>1,559,287</u>	<u>1,542,129</u>	<u>(17,158)</u>
DISBURSEMENTS				
Roads	739,176	1,047,760	994,270	53,490
Road Facilities	24,204	24,204	24,006	198
Capital Projects		107,265	107,264	1
Administration	91,282	975,528	78,257	897,271
Total Disbursements	<u>854,662</u>	<u>2,154,757</u>	<u>1,203,797</u>	<u>950,960</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(22,186)</u>	<u>(595,470)</u>	<u>338,332</u>	<u>933,802</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(182,960)</u>	<u>(182,960)</u>	<u>(182,960)</u>	
Total Other Adjustments to Cash (Uses)	<u>(182,960)</u>	<u>(182,960)</u>	<u>(182,960)</u>	
Net Change in Fund Balance	(205,146)	(778,430)	155,372	933,802
Fund Balance - Beginning (Restated)	<u>205,146</u>	<u>778,430</u>	<u>769,460</u>	<u>(8,970)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 924,832</u>	<u>\$ 924,832</u>

CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 90,400	\$ 90,615	\$ 87,610	\$ (3,005)
Miscellaneous		10,397	10,397	
Interest	2	9	12	3
Total Receipts	<u>90,402</u>	<u>101,021</u>	<u>98,019</u>	<u>(3,002)</u>
DISBURSEMENTS				
Protection to Persons and Property	92,204	121,949	92,164	29,785
Administration	12,944	101,621	11,474	90,147
Total Disbursements	<u>105,148</u>	<u>223,570</u>	<u>103,638</u>	<u>119,932</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(14,746)</u>	<u>(122,549)</u>	<u>(5,619)</u>	<u>116,930</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	14,746	14,746		(14,746)
Total Other Adjustments to Cash (Uses)	<u>14,746</u>	<u>14,746</u>		<u>(14,746)</u>
Net Change in Fund Balance		(107,803)	(5,619)	102,184
Fund Balance - Beginning		<u>107,803</u>	<u>106,579</u>	<u>(1,224)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,960</u>	<u>\$ 100,960</u>

CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

DISATER EMERGENCY SERVICES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 9,500	\$ 9,500	\$ 12,425	\$ 2,925
Miscellaneous		25	25	
Total Receipts	9,500	9,525	12,450	2,925
DISBURSEMENTS				
Protection to Persons and Property	32,592	32,799	32,295	504
Administration	14,934	19,275	13,144	6,131
Total Disbursements	47,526	52,074	45,439	6,635
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(38,026)	(42,549)	(32,989)	9,560
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	38,026	38,026	33,700	(4,326)
Total Other Adjustments to Cash (Uses)	38,026	38,026	33,700	(4,326)
Net Change in Fund Balance		(4,523)	711	5,234
Fund Balance - Beginning		4,523	2,966	(1,557)
Fund Balance - Ending	\$ 0	\$ 0	\$ 3,677	\$ 3,677

CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 238,700	\$ 249,216	\$ 259,459	\$ 10,243
Licenses and Permits	2,400	2,400	3,481	1,081
Charges for Services	315,000	315,000	335,466	20,466
Miscellaneous	41,984	47,041	136,906	89,865
Interest	50	158	224	66
Total Receipts	<u>598,134</u>	<u>613,815</u>	<u>735,536</u>	<u>121,721</u>
DISBURSEMENTS				
Protection to Persons and Property	461,426	584,362	522,708	61,654
Debt Service	105,739	110,739	110,739	
Administration	40,075	101,772	18,774	82,998
Total Disbursements	<u>607,240</u>	<u>796,873</u>	<u>652,221</u>	<u>144,652</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(9,106)</u>	<u>(183,058)</u>	<u>83,315</u>	<u>266,373</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>9,106</u>	<u>56,474</u>	<u>47,368</u>	<u>(9,106)</u>
Total Other Adjustments to Cash (Uses)	<u>9,106</u>	<u>56,474</u>	<u>47,368</u>	<u>(9,106)</u>
Net Change in Fund Balance		(126,584)	130,683	257,267
Fund Balance - Beginning		<u>126,584</u>	<u>126,716</u>	<u>132</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 257,399</u>	<u>\$ 257,399</u>

CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 185,000	\$ 185,000	\$ 183,311	\$ (1,689)
Intergovernmental			20,968	20,968
Miscellaneous		33	33	
Interest	1	1	3	2
Total Receipts	<u>185,001</u>	<u>185,034</u>	<u>204,315</u>	<u>19,281</u>
DISBURSEMENTS				
Protection to Persons and Property	233,750	288,196	238,726	49,470
Administration	64,597	78,633	53,776	24,857
Total Disbursements	<u>298,347</u>	<u>366,829</u>	<u>292,502</u>	<u>74,327</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(113,346)</u>	<u>(181,795)</u>	<u>(88,187)</u>	<u>93,608</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	113,346	165,934	114,588	(51,346)
Total Other Adjustments to Cash (Uses)	<u>113,346</u>	<u>165,934</u>	<u>114,588</u>	<u>(51,346)</u>
Net Change in Fund Balance		(15,861)	26,401	42,262
Fund Balance - Beginning		<u>15,861</u>	<u>8,578</u>	<u>(7,283)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,979</u>	<u>\$ 34,979</u>

CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

EASTER EGG HUNT/CARLISLE FESTIVAL FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 2,656	\$ 2,656	\$
Interest				
Total Receipts		2,656	2,656	
DISBURSEMENTS				
Recreation and Culture		5,948	3,211	2,737
Total Disbursements		5,948	3,211	2,737
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(3,292)	(555)	2,737
Net Change in Fund Balance		(3,292)	(555)	2,737
Fund Balance - Beginning		3,292	3,321	29
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,766	\$ 2,766

CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

HAZARDOUS MITIGATION FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 4,322	\$ 4,322	\$
Total Receipts		4,322	4,322	
DISBURSEMENTS				
Administration		5,326		5,326
Total Disbursements		5,326		5,326
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,004)	4,322	5,326
Net Change in Fund Balance		(1,004)	4,322	5,326
Fund Balance - Beginning		1,004	1,004	
Fund Balance - Ending	\$	0	\$ 5,326	\$ 5,326

CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	FOOD BANK FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$		\$ 2,100	\$
Interest		1	2	1
Total Receipts		2,101	2,102	1
DISBURSEMENTS				
Social Services		6,988	162	6,826
Total Disbursements		6,988	162	6,826
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(4,887)	1,940	6,827
Net Change in Fund Balance		(4,887)	1,940	6,827
Fund Balance - Beginning (Restated)		4,887	4,887	
Fund Balance - Ending	\$	0	\$ 6,827	\$ 6,827

CARLISLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

COMMUNITY BUILDING FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 66,946	\$ 66,946	\$ 64,158	\$ (2,788)
Interest	1	3	5	2
Total Receipts	<u>66,947</u>	<u>66,949</u>	<u>64,163</u>	<u>(2,786)</u>
DISBURSEMENTS				
General Government	45,977	48,866	43,906	4,960
Debt Service	19,910	19,910	19,910	
Administration	1,060	16,295	485	15,810
Total Disbursements	<u>66,947</u>	<u>85,071</u>	<u>64,301</u>	<u>20,770</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(18,122)</u>	<u>(138)</u>	<u>17,984</u>
Net Change in Fund Balance		(18,122)	(138)	17,984
Fund Balance - Beginning		<u>18,122</u>	<u>17,560</u>	<u>(562)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,422</u>	<u>\$ 17,422</u>

CARLISLE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2021

Note 1. Budgetary Information

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

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

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

Note 2. Reconciliation of the General Fund

Total Other Adjustment To Cash (Uses) - Budgetary	\$ (12,695)
To Adjust For Change In Payroll Account	<u>(45,340)</u>
Total Other Adjustments to Cash (Uses) -Regulatory Basis	<u>\$ (58,035)</u>
Fund Balance - Ending Budgetary Basis	\$ 880,920
To Adjust For Payroll Account	<u>1,833</u>
Total Fund Balance - Regulatory Basis	<u>\$ 882,753</u>

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

For The Year Ended June 30, 2021

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CARLISLE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2021

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land and Land Improvements	\$ 438,698	\$	\$	\$ 438,698
Buildings and Building Improvements	14,151,831			14,151,831
Vehicles and Equipment	2,503,179		181,301	2,321,878
Infrastructure	4,598,918	199,538		4,798,456
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets	<u>\$ 21,692,626</u>	<u>\$ 199,538</u>	<u>\$ 181,301</u>	<u>\$ 21,710,863</u>

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

June 30, 2021

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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 100,000	10-60
Buildings and Building Improvements	\$ 100,000	10-75
Equipment	\$ 100,000	3-5
Vehicles	\$ 100,000	3-5
Infrastructure	\$ 100,000	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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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Greg Terry, Carlisle County Judge/Executive
Members of the Carlisle County Fiscal Court

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

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 Carlisle County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Carlisle County Fiscal Court's financial statement and have issued our report thereon dated January 19, 2022.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-001 to be a material weakness.



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)

Internal Control Over Financial Reporting (Continued)

A significant deficiency, is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-002 to be a significant deficiency.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Carlisle 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Views of Responsible Official and Planned Corrective Actions

Carlisle County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Response. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

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,



Mike Harmon
Auditor of Public Accounts

January 19, 2022

**CARLISLE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2021

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**CARLISLE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2021

INTERNAL CONTROL - MATERIAL WEAKNESS:

2021-001 The Carlisle County Fiscal Court Failed To Implement Internal Controls Over The Ambulance Billing Services

This is a repeat finding and was included in the prior year audit report as finding 2020-003. The Carlisle County Fiscal Court contracts with a third party to perform billing services for ambulance run fees. Ambulance run fees make up 46% of the total revenues of the ambulance fund. The ambulance director will report the number of ambulance runs to the billing service. The billing service prepares and remits bills to insurance companies or individual patients. Any payments received are directly deposited into the county's ambulance fund. The treasurer does not receive anything from the ambulance director or billing service to know what deposits to expect and instead post run fees based on deposits made into the account.

The county treasurer was not aware that procedures needed to be in place to ensure the amounts being received on ambulance run fees were accurate. Instead, the county treasurer relies on the trust in the ambulance director and the ambulance billing service. Since the Carlisle County Fiscal Court has not implemented internal controls procedures over the ambulance billing services associated with the ambulance run fees, there is an increased risk that the county may not be receiving the proper amount of fees.

Strong internal controls dictate that oversight be provided for transactions associated with the ambulance billing services to ensure that the county receives all revenue due for ambulance runs.

We recommend the Carlisle County Fiscal Court strengthen internal controls to determine that all amounts received for ambulance runs are complete and accurate.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Carlisle County Treasurer will now reconcile the bank statement with a report provided by [name redacted] to make sure the amount they have billed to insurance companies is the same amount deposited into our account.

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY:

2021-002 The Carlisle County Fiscal Court Did Not Comply With Bid Regulations

This is a repeat finding and was included in the prior year audit report as finding 2020-002. The fiscal court failed to advertise for bids on extensive repairs to a road grader, which totaled \$35,279.

The fiscal court did not realize the repairs to the road grader should have been bid. Because the fiscal court did not bid out repairs on the grader, the fiscal court violated state regulations regarding bid procedures and their own administrative code.

KRS 424.260(1) states, "[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for 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) without first making newspaper advertisement for bids." The county administrative code also states any purchases greater than \$30,000 shall be advertised for bid.

**CARLISLE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2021
(Continued)**

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY: (Continued)

2021-002 The Carlisle County Fiscal Court Did Not Comply With Bid Regulations (Continued)

Strong internal controls includes procedures to ensure that purchases requiring to be bid are advertised for bids.

We recommend the Carlisle County Fiscal Court implement internal control procedures to ensure the county complies with bid regulations by advertising for bids on all expenditures above \$30,000.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Carlisle County Fiscal Court also disagrees with having to bid out repairs on the road grader. It is our opinion, and the opinion of the County Attorney, that repairs such as this would fall under professional services and there is only one repair professional in our area for this type of equipment, which is who we used for repairs.

Auditor's Reply: Generally some type of licensure is required for a professional services designation. Repairs made to a road grader do not meet that criteria. The Carlisle County administrative code also states any purchases greater than \$30,000 shall be advertised for bid.