

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

**For The Year Ended
June 30, 2019**



**MIKE HARMON
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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 Harold "Shorty" Tomlinson, Carroll County Judge/Executive
Members of the Carroll 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 Carroll County Fiscal Court, for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Carroll 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
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Carroll 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 Carroll County Fiscal Court as of June 30, 2019, 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 Carroll County Fiscal Court as of June 30, 2019, 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 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 Carroll 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. The fiscal court did not provide a Capital Asset schedule, therefore we will not present one in the accompanying report.

To the People of Kentucky
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Members of the Carroll County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the Carroll 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 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 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 Carroll County Fiscal Court’s internal control over financial reporting and compliance.

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

2019-001 The Fiscal Court Did Not Prepare A Schedule Of Expenditures Of Federal Awards (SEFA)

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

January 15, 2021

CARROLL COUNTY OFFICIALS**For The Year Ended June 30, 2019****Fiscal Court Members:**

| | |
|--|-------------------------------|
| Bobby Lee Westrick (Through 12/30/18) | Former County Judge/Executive |
| Harold "Shorty" Tomlinson (1/1/19 - Present) | County Judge/Executive |
| Floyd Bowling | Magistrate |
| Kerry Graham | Magistrate |
| Mark Bates | Magistrate |

Other Elected Officials:

| | |
|-------------------------------------|----------------------------------|
| Nick Marsh | County Attorney |
| Michael Humphrey (Through 11/30/18) | Former Jailer |
| John Proctor (12/1/18 - Present) | Jailer |
| Alice Marsh | County Clerk |
| Laman Stark (Through 12/31/18) | Former Circuit Court Clerk |
| Gloria Belecher (1/1/19 - Present) | Circuit Court Clerk |
| Phillip Marshall (Through 12/31/18) | Former Sheriff |
| Ryan Gosser (1/1/19 - Present) | Sheriff |
| Rob Robertson | Property Valuation Administrator |
| David Wilhoite | Coroner |

Appointed Personnel:

| | |
|--------------|-------------------------|
| Debra Cayton | County Treasurer |
| Tanya Dermon | Chief Financial Officer |

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

For The Year Ended June 30, 2019

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

For The Year Ended June 30, 2019

| | <u>Budgeted Funds</u> | | |
|--|-------------------------|----------------------|----------------------|
| | <u>General Fund</u> | <u>Road Fund</u> | <u>Jail Fund</u> |
| RECEIPTS | | | |
| Taxes | \$ 4,830,347 | \$ | \$ |
| Excess Fees | 6,579 | | |
| Intergovernmental | 46,335 | 788,771 | 1,271,977 |
| Charges for Services | 4,586 | | 188,612 |
| Miscellaneous | 451,353 | 36,269 | 160,053 |
| Interest | 16,131 | 257 | 18 |
| Total Receipts | <u>5,355,331</u> | <u>825,297</u> | <u>1,620,660</u> |
| DISBURSEMENTS | | | |
| General Government | 1,009,046 | | |
| Protection to Persons and Property | 588,376 | | 1,616,803 |
| General Health and Sanitation | 203,279 | | |
| Social Services | 108,387 | | |
| Recreation and Culture | 10,067 | | 2,217 |
| Roads | | 2,331,631 | |
| Capital Projects | | | |
| Administration | 851,260 | 219,417 | 615,845 |
| Total Disbursements | <u>2,770,415</u> | <u>2,551,048</u> | <u>2,234,865</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>2,584,916</u> | <u>(1,725,751)</u> | <u>(614,205)</u> |
| Other Adjustments to Cash (Uses) | | | |
| Transfers From Other Funds | 1,040,000 | 1,405,507 | 605,507 |
| Transfers To Other Funds | <u>(5,113,375)</u> | | |
| Total Other Adjustments to Cash (Uses) | <u>(4,073,375)</u> | <u>1,405,507</u> | <u>605,507</u> |
| Net Change in Fund Balance | (1,488,459) | (320,244) | (8,698) |
| Fund Balance - Beginning (Restated) | <u>6,950,421</u> | <u>372,693</u> | <u>21,545</u> |
| Fund Balance - Ending | <u>\$ 5,461,962</u> | <u>\$ 52,449</u> | <u>\$ 12,847</u> |
| Composition of Fund Balance | | | |
| Bank Balance | 3,102,420 | 78,457 | 50,527 |
| Plus: Deposits In Transit | | | |
| Less: Outstanding Checks | (9,244) | (26,008) | (37,680) |
| Certificates of Deposit | 2,400,000 | | |
| Adjustments (Transfers) | <u>(31,214)</u> | | |
| Fund Balance - Ending | <u>5,461,962</u> | <u>52,449</u> | <u>12,847</u> |

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

CARROLL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2019
(Continued)

| Budgeted Funds | | | | | | |
|--|------------------------------|--------------------------------|---------------------------|-------------------------|-----------------------------|--|
| Local Government Economic Assistance Fund | State Grants Fund | Federal Grants Fund | Ambulance Fund | Sheriff Fund | Solid Waste Fund | Parks and Recreation Fund |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 49,745 | 10,000 | 415,000 | | 429,284 | | |
| | | | 706,246 | | | 52,533 |
| 46,346 | | | 6,535 | | 23,792 | 2,341 |
| 13,617 | | | 44 | 39 | 51 | 8 |
| <u>109,708</u> | <u>10,000</u> | <u>415,000</u> | <u>712,825</u> | <u>429,323</u> | <u>23,843</u> | <u>54,882</u> |
| | | | | 611,168 | | |
| 17,012 | | | 1,005,762 | | 158,289 | |
| 313,993 | | | | | | 264,228 |
| 2,144,334 | | | | | | |
| 46,899 | | 415,000 | 426,053 | 186,146 | 34,577 | 50,957 |
| <u>2,522,238</u> | | <u>415,000</u> | <u>1,431,815</u> | <u>797,314</u> | <u>192,866</u> | <u>315,185</u> |
| (2,412,530) | 10,000 | | (718,990) | (367,991) | (169,023) | (260,303) |
| 1,580,978 | | | 762,806 | 381,701 | 140,601 | 236,275 |
| (1,000,000) | | | | | | |
| <u>580,978</u> | | | <u>762,806</u> | <u>381,701</u> | <u>140,601</u> | <u>236,275</u> |
| (1,831,552) | 10,000 | | 43,816 | 13,710 | (28,422) | (24,028) |
| 3,755,412 | 10,000 | | 425,736 | 23,190 | 50,183 | 44,180 |
| <u>\$ 1,923,860</u> | <u>\$ 20,000</u> | | <u>\$ 469,552</u> | <u>\$ 36,900</u> | <u>\$ 21,761</u> | <u>\$ 20,152</u> |
| 1,364,403 | 20,000 | 0 | 475,201 | 7,776 | 22,768 | 22,398 |
| (40,543) | | | (5,649) | (2,090) | (1,007) | (2,246) |
| 600,000 | | | | | | |
| | | | | 31,214 | | |
| <u>1,923,860</u> | <u>20,000</u> | | <u>469,552</u> | <u>36,900</u> | <u>21,761</u> | <u>20,152</u> |

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

CARROLL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2019
(Continued)

| | Budgeted Funds | | | Unbudgeted Fund | Total Funds |
|--|------------------|-------------------|------------------|----------------------|---------------------|
| | 911 Fund | 911 Wireless Fund | Insurance Fund | Jail Commissary Fund | |
| RECEIPTS | | | | | |
| Taxes | \$ 36,469 | \$ 150,334 | \$ | \$ | \$ 5,017,150 |
| Excess Fees | | | | | 6,579 |
| Intergovernmental | | | | | 3,011,112 |
| Charges for Services | | | | | 951,977 |
| Miscellaneous | | 40,000 | 54,689 | 155,092 | 976,470 |
| Interest | 5 | 6 | | | 30,176 |
| Total Receipts | <u>36,474</u> | <u>190,340</u> | <u>54,689</u> | <u>155,092</u> | <u>9,993,464</u> |
| DISBURSEMENTS | | | | | |
| General Government | | | | | 1,620,214 |
| Protection to Persons and Property | 18,365 | 72,991 | | 115,398 | 3,434,707 |
| General Health and Sanitation | | | | | 361,568 |
| Social Services | | | | | 372,615 |
| Recreation and Culture | | | | | 326,277 |
| Roads | | | | | 2,331,631 |
| Capital Projects | | | | | 2,144,334 |
| Administration | | | 46,499 | | 2,892,653 |
| Total Disbursements | <u>18,365</u> | <u>72,991</u> | <u>46,499</u> | <u>115,398</u> | <u>13,483,999</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>18,109</u> | <u>117,349</u> | <u>8,190</u> | <u>39,694</u> | <u>(3,490,535)</u> |
| Other Adjustments to Cash (Uses) | | | | | |
| Transfers From Other Funds | | | | | 6,153,375 |
| Transfers To Other Funds | | (40,000) | | | (6,153,375) |
| Total Other Adjustments to Cash (Uses) | | <u>(40,000)</u> | | | |
| Net Change in Fund Balance | 18,109 | 77,349 | 8,190 | 39,694 | (3,490,535) |
| Fund Balance - Beginning | | | 53,302 | 178,400 | 11,885,062 |
| Fund Balance - Ending | <u>\$ 18,109</u> | <u>\$ 77,349</u> | <u>\$ 61,492</u> | <u>\$ 218,094</u> | <u>\$ 8,394,527</u> |
| Composition of Fund Balance | | | | | |
| Bank Balance | 18,109 | 77,349 | 61,492 | 218,445 | 5,519,345 |
| Plus: Deposits In Transit | | | | | 0 |
| Less: Outstanding Checks | | | | (351) | (124,818) |
| Certificates of Deposit | | | | | 3,000,000 |
| Investments | | | | | 0 |
| Fund Balance - Ending | <u>18,109</u> | <u>77,349</u> | <u>61,492</u> | <u>218,094</u> | <u>8,394,527</u> |

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

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

State Grants Fund - The primary purpose of this fund is to account for the restricted grant revenues received from the Commonwealth of Kentucky.

Federal Grants Fund - The primary purpose of this fund is to account for the restricted grant revenues received from the federal government.

Ambulance Fund - The primary purpose of this fund is to account for the operations of the Carroll County Ambulance Service. The primary source of receipts for this fund is ambulance user fees.

Sheriff Fund - The primary purpose of this fund is to account for the sheriff's office fee pooling activities of Carroll County.

Solid Waste Fund - The primary purpose of this fund is to account for the usage of the recurring litter abatement grant. The primary source of receipts for this fund is state grants.

Parks and Recreation Fund - The primary purpose of this fund is to account for the parks and recreation department of Carroll County.

911 Fund - The primary purpose of this fund is to account for emergency dispatch activities as shared with the City of Carrollton. The primary source of receipts for this fund is telephone 911 surcharges.

911 Wireless Fund - The primary purpose of this fund is to account for emergency dispatch activities as shared with the City of Carrollton. The primary source of receipts for this fund is wireless telephone surcharges.

Insurance Fund - This fund accounts for employee and employer contributions to reimburse employees for health care expenses.

Unbudgeted Funds

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. 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.

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

E. Carroll County Elected Officials

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

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(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.

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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 KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2019, 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 2019.

| | General Fund | LGEA Fund | 911 Fund | Total Transfers In |
|---------------------------|---------------------|---------------------|------------------|-----------------------|
| General Fund | | \$ 1,000,000 | \$ 40,000 | \$ 1,040,000 |
| Road Fund | \$ 1,405,507 | | | 1,405,507 |
| Jail Fund | 605,507 | | | 605,507 |
| LGEA Fund | 1,580,978 | | | 1,580,978 |
| Ambulance Fund | 762,806 | | | 762,806 |
| Sheriff Fund | 381,701 | | | 381,701 |
| Solid Waste Fund | 140,601 | | | 140,601 |
| Parks and Recreation Fund | 236,275 | | | 236,275 |
| Total Transfers Out | <u>\$ 5,113,375</u> | <u>\$ 1,000,000</u> | <u>\$ 40,000</u> | <u>\$ 6,153,375</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.

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 4. Agency Trust Funds

Agency trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The fiscal court has the following agency trust fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2019, was \$58,981.

Note 5. 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.

The county's contribution for FY 2017 was \$462,224, FY 2018 was \$483,071, and FY 2019 was \$510,337.

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.

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 21.48 percent.

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Employee Retirement System (Continued)

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.

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.

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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, KRS 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 Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS 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 6. Deferred Compensation

The Carroll 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 7. Flexible Spending Account

The Carroll 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 a debit card to each eligible employee providing \$2,000 each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction.

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 8. Insurance

For the fiscal year ended June 30, 2019, the Carroll 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 9. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to third parties for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Carroll County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2019, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 10. Prior Period Adjustments

The following adjustments were made to prior year beginning balance:

Road Fund:

| | |
|---|-------------------|
| Ending Cash Balance Prior Year | \$ 372,692 |
| To adjust for rounding | <u>1</u> |
| Ending Cash Balance Prior Year (adjusted) | <u>\$ 372,693</u> |

Jail Fund:

| | |
|---|------------------|
| Ending Cash Balance Prior Year | \$ 21,544 |
| To adjust for rounding | <u>1</u> |
| Ending Cash Balance Prior Year (adjusted) | <u>\$ 21,545</u> |

Jail Commissary Fund:

| | |
|---|-------------------|
| Ending Cash Balance Prior Year | \$ 174,149 |
| To adjust for O/S checks in PY | 4,252 |
| To adjust for rounding | <u>(1)</u> |
| Ending Cash Balance Prior Year (adjusted) | <u>\$ 178,400</u> |

Insurance Fund:

| | |
|---|------------------|
| Ending Cash Balance Prior Year | \$ 53,301 |
| To adjust for rounding | <u>1</u> |
| Ending Cash Balance Prior Year (adjusted) | <u>\$ 53,302</u> |

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CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

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CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

| | GENERAL FUND | | | |
|--|---------------------|--------------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Taxes | \$ 3,558,662 | \$ 3,558,662 | \$ 4,830,347 | \$ 1,271,685 |
| Excess Fees | 3,450 | 3,450 | 6,579 | 3,129 |
| Intergovernmental | 80,690 | 80,690 | 46,335 | (34,355) |
| Charges for Services | 2,000 | 2,000 | 4,586 | 2,586 |
| Miscellaneous | 361,090 | 361,090 | 451,353 | 90,263 |
| Interest | 15,200 | 15,200 | 16,131 | 931 |
| Total Receipts | <u>4,021,092</u> | <u>4,021,092</u> | <u>5,355,331</u> | <u>1,334,239</u> |
| DISBURSEMENTS | | | | |
| General Government | 1,335,124 | 1,262,577 | 1,009,046 | 253,531 |
| Protection to Persons and Property | 575,335 | 653,866 | 588,376 | 65,490 |
| General Health and Sanitation | 206,550 | 213,235 | 203,279 | 9,956 |
| Social Services | 120,274 | 124,015 | 108,387 | 15,628 |
| Recreation and Culture | 12,000 | 12,000 | 10,067 | 1,933 |
| Bus Services | 6,000 | 6,000 | | 6,000 |
| Administration | 1,211,900 | 1,452,870 | 851,260 | 601,610 |
| Total Disbursements | <u>3,467,183</u> | <u>3,724,563</u> | <u>2,770,415</u> | <u>954,148</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>553,909</u> | <u>296,529</u> | <u>2,584,916</u> | <u>2,288,387</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | | | 1,040,000 | 1,040,000 |
| Transfers To Other Funds | (3,695,269) | (3,695,269) | (5,113,375) | (1,418,106) |
| Total Other Adjustments to Cash (Uses) | <u>(3,695,269)</u> | <u>(3,695,269)</u> | <u>(4,073,375)</u> | <u>(378,106)</u> |
| Net Change in Fund Balance | (3,141,360) | (3,398,740) | (1,488,459) | 1,910,281 |
| Fund Balance - Beginning | <u>3,141,360</u> | <u>4,141,360</u> | <u>6,950,421</u> | <u>2,809,061</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 742,620</u> | <u>\$ 5,461,962</u> | <u>\$ 4,719,342</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

| | ROAD FUND | | | |
|--|------------------|-----------------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 773,925 | \$ 773,925 | \$ 788,771 | \$ 14,846 |
| Miscellaneous | 1,000 | 1,000 | 36,269 | 35,269 |
| Interest | 500 | 500 | 257 | (243) |
| Total Receipts | <u>775,425</u> | <u>775,425</u> | <u>825,297</u> | <u>49,872</u> |
| DISBURSEMENTS | | | | |
| Roads | 1,392,151 | 2,516,248 | 2,331,631 | 184,617 |
| Administration | 370,675 | 246,578 | 219,417 | 27,161 |
| Total Disbursements | <u>1,762,826</u> | <u>2,762,826</u> | <u>2,551,048</u> | <u>211,778</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(987,401)</u> | <u>(1,987,401)</u> | <u>(1,725,751)</u> | <u>261,650</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | <u>287,401</u> | <u>287,401</u> | <u>1,405,507</u> | <u>1,118,106</u> |
| Total Other Adjustments to Cash (Uses) | <u>287,401</u> | <u>287,401</u> | <u>1,405,507</u> | <u>1,118,106</u> |
| Net Change in Fund Balance | (700,000) | (1,700,000) | (320,244) | 1,379,756 |
| Fund Balance - Beginning (Restated) | <u>700,000</u> | <u>700,000</u> | <u>372,693</u> | <u>(327,307)</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ (1,000,000)</u> | <u>\$ 52,449</u> | <u>\$ 1,052,449</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

| | JAIL FUND | | | |
|--|------------------|------------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 1,400,239 | \$ 1,400,239 | \$ 1,271,977 | \$ (128,262) |
| Charges for Services | 288,816 | 288,816 | 188,612 | (100,204) |
| Miscellaneous | 316,194 | 316,194 | 160,053 | (156,141) |
| Interest | 75 | 75 | 18 | (57) |
| Total Receipts | <u>2,005,324</u> | <u>2,005,324</u> | <u>1,620,660</u> | <u>(384,664)</u> |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | 1,791,001 | 1,755,672 | 1,616,803 | 138,869 |
| Recreation and Culture | 10,000 | 10,000 | 2,217 | 7,783 |
| Administration | 609,830 | 645,159 | 615,845 | 29,314 |
| Total Disbursements | <u>2,410,831</u> | <u>2,410,831</u> | <u>2,234,865</u> | <u>175,966</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(405,507)</u> | <u>(405,507)</u> | <u>(614,205)</u> | <u>(208,698)</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 405,507 | 405,507 | 605,507 | 200,000 |
| Total Other Adjustments to Cash (Uses) | <u>405,507</u> | <u>405,507</u> | <u>605,507</u> | <u>200,000</u> |
| Net Change in Fund Balance | | | (8,698) | (8,698) |
| Fund Balance - Beginning (Restated) | | | <u>21,545</u> | <u>21,545</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 12,847</u> | <u>\$ 12,847</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

| LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND | | | | |
|--|--------------------|--------------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 88,400 | \$ 88,400 | \$ 49,745 | \$ (38,655) |
| Miscellaneous | 12,900 | 12,900 | 46,346 | 33,446 |
| Interest | 8,040 | 8,040 | 13,617 | 5,577 |
| Total Receipts | <u>109,340</u> | <u>109,340</u> | <u>109,708</u> | <u>368</u> |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | 17,015 | 17,012 | 17,012 | |
| Recreation and Culture | 520,709 | 314,038 | 313,993 | 45 |
| Capital Projects | 1,420,000 | 2,144,334 | 2,144,334 | |
| Administration | 32,594 | 1,014,934 | 46,899 | 968,035 |
| Total Disbursements | <u>1,990,318</u> | <u>3,490,318</u> | <u>2,522,238</u> | <u>968,080</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(1,880,978)</u> | <u>(3,380,978)</u> | <u>(2,412,530)</u> | <u>968,448</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 1,580,978 | 1,580,978 | 1,580,978 | |
| Transfers To Other Funds | | | <u>(1,000,000)</u> | <u>(1,000,000)</u> |
| Total Other Adjustments to Cash (Uses) | <u>1,580,978</u> | <u>1,580,978</u> | <u>580,978</u> | <u>(1,000,000)</u> |
| Net Change in Fund Balance | (300,000) | (1,800,000) | (1,831,552) | (31,552) |
| Fund Balance - Beginning | <u>300,000</u> | <u>2,300,000</u> | <u>3,755,412</u> | <u>1,455,412</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 500,000</u> | <u>\$ 1,923,860</u> | <u>\$ 1,423,860</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019

| | STATE GRANTS FUND | | | |
|--|--------------------------|-------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ | \$ | \$ 10,000 | \$ 10,000 |
| Total Receipts | | | 10,000 | 10,000 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | | 10,000 | 10,000 |
| Net Change in Fund Balance | | | 10,000 | 10,000 |
| Fund Balance - Beginning | | | 10,000 | 10,000 |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 20,000 | \$ 20,000 |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019

| | FEDERAL GRANTS FUND | | | |
|-----------------------|----------------------------|---------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ | 420,000 | \$ 415,000 | \$ (5,000) |
| Total Receipts | | 420,000 | 415,000 | (5,000) |
| DISBURSEMENTS | | | | |
| Administration | | 420,000 | 415,000 | 5,000 |
| Total Disbursements | | 420,000 | 415,000 | 5,000 |
| Fund Balance - Ending | \$ | 0 | \$ 0 | \$ 0 |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019

| | AMBULANCE FUND | | | |
|--|-----------------------|---------------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Charges for Services | \$ 525,000 | \$ 525,000 | \$ 706,246 | \$ 181,246 |
| Miscellaneous | 2,500 | 2,500 | 6,535 | 4,035 |
| Interest | 25 | 25 | 44 | 19 |
| Total Receipts | <u>527,525</u> | <u>527,525</u> | <u>712,825</u> | <u>185,300</u> |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | 989,625 | 1,023,577 | 1,005,762 | 17,815 |
| Administration | 400,706 | 466,754 | 426,053 | 40,701 |
| Total Disbursements | <u>1,390,331</u> | <u>1,490,331</u> | <u>1,431,815</u> | <u>58,516</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(862,806)</u> | <u>(962,806)</u> | <u>(718,990)</u> | <u>243,816</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | <u>762,806</u> | <u>762,806</u> | <u>762,806</u> | |
| Total Other Adjustments to Cash (Uses) | <u>762,806</u> | <u>762,806</u> | <u>762,806</u> | |
| Net Change in Fund Balance | (100,000) | (200,000) | 43,816 | 243,816 |
| Fund Balance - Beginning | <u>100,000</u> | <u>100,000</u> | <u>425,736</u> | <u>325,736</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ (100,000)</u> | <u>\$ 469,552</u> | <u>\$ 569,552</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019

| | SHERIFF FUND | | | |
|--|---------------------|---------------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 400,000 | \$ 400,000 | \$ 429,284 | \$ 29,284 |
| Interest | 5 | 5 | 39 | 34 |
| Total Receipts | <u>400,005</u> | <u>400,005</u> | <u>429,323</u> | <u>29,318</u> |
| DISBURSEMENTS | | | | |
| General Government | 541,093 | 647,391 | 611,168 | 36,223 |
| Administration | 215,613 | 209,315 | 186,146 | 23,169 |
| Total Disbursements | <u>756,706</u> | <u>856,706</u> | <u>797,314</u> | <u>59,392</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(356,701)</u> | <u>(456,701)</u> | <u>(367,991)</u> | <u>88,710</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | <u>331,701</u> | <u>331,701</u> | <u>381,701</u> | <u>50,000</u> |
| Total Other Adjustments to Cash (Uses) | <u>331,701</u> | <u>331,701</u> | <u>381,701</u> | <u>50,000</u> |
| Net Change in Fund Balance | (25,000) | (125,000) | 13,710 | 138,710 |
| Fund Balance - Beginning | <u>25,000</u> | <u>25,000</u> | <u>23,190</u> | <u>(1,810)</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ (100,000)</u> | <u>\$ 36,900</u> | <u>\$ 136,900</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019

| | SOLID WASTE FUND | | | |
|--|-------------------------|--------------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 18,311 | \$ 18,311 | \$ 23,792 | \$ 5,481 |
| Interest | 50 | 50 | 51 | 1 |
| Total Receipts | <u>18,361</u> | <u>18,361</u> | <u>23,843</u> | <u>5,482</u> |
| DISBURSEMENTS | | | | |
| General Health and Sanitation | 133,326 | 158,303 | 158,289 | 14 |
| Administration | 45,636 | 34,634 | 34,577 | 57 |
| Total Disbursements | <u>178,962</u> | <u>192,937</u> | <u>192,866</u> | <u>71</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(160,601)</u> | <u>(174,576)</u> | <u>(169,023)</u> | <u>5,553</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 140,601 | 140,601 | 140,601 | |
| Total Other Adjustments to Cash (Uses) | <u>140,601</u> | <u>140,601</u> | <u>140,601</u> | |
| Net Change in Fund Balance | (20,000) | (33,975) | (28,422) | 5,553 |
| Fund Balance - Beginning | 20,000 | 20,000 | 50,183 | 30,183 |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ (13,975)</u> | <u>\$ 21,761</u> | <u>\$ 35,736</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019

PARKS & RECREATION FUND

| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------------|--|---|
| | Original | Final | | |
| RECEIPTS | | | | |
| Charges for Services | \$ 50,000 | \$ 50,000 | \$ 52,533 | \$ 2,533 |
| Miscellaneous | 20,100 | 20,100 | 2,341 | (17,759) |
| Interest | 200 | 200 | 8 | (192) |
| Total Receipts | <u>70,300</u> | <u>70,300</u> | <u>54,882</u> | <u>(15,418)</u> |
| DISBURSEMENTS | | | | |
| Social Services | 305,286 | 301,765 | 264,228 | 37,537 |
| Administration | 26,289 | 58,455 | 50,957 | 7,498 |
| Total Disbursements | <u>331,575</u> | <u>360,220</u> | <u>315,185</u> | <u>45,035</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(261,275)</u> | <u>(289,920)</u> | <u>(260,303)</u> | <u>29,617</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | <u>186,275</u> | <u>186,275</u> | <u>236,275</u> | <u>50,000</u> |
| Total Other Adjustments to Cash (Uses) | <u>186,275</u> | <u>186,275</u> | <u>236,275</u> | <u>50,000</u> |
| Net Change in Fund Balance | (75,000) | (103,645) | (24,028) | 79,617 |
| Fund Balance - Beginning | <u>75,000</u> | <u>75,000</u> | <u>44,180</u> | <u>(30,820)</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ (28,645)</u> | <u>\$ 20,152</u> | <u>\$ 48,797</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019

| 911 FUND | | | | |
|--|------------------|---------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Taxes | \$ 37,895 | \$ 37,895 | \$ 36,469 | \$ (1,426) |
| Interest | 5 | 5 | 5 | |
| Total Receipts | <u>37,900</u> | <u>37,900</u> | <u>36,474</u> | <u>(1,426)</u> |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | 37,900 | 37,900 | 18,365 | 19,535 |
| Total Disbursements | <u>37,900</u> | <u>37,900</u> | <u>18,365</u> | <u>19,535</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | | <u>18,109</u> | <u>18,109</u> |
| Net Change in Fund Balance | | | <u>18,109</u> | <u>18,109</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 18,109</u> | <u>\$ 18,109</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019

| 911 WIRELESS FUND | | | | |
|--|------------------|----------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Taxes | \$ 185,190 | \$ 185,190 | \$ 150,334 | \$ (34,856) |
| Miscellaneous | | | 40,000 | 40,000 |
| Interest | 10 | 10 | 6 | (4) |
| Total Receipts | <u>185,200</u> | <u>185,200</u> | <u>190,340</u> | <u>5,140</u> |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | 185,200 | 185,200 | 72,991 | 112,209 |
| Total Disbursements | <u>185,200</u> | <u>185,200</u> | <u>72,991</u> | <u>112,209</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | | <u>117,349</u> | <u>117,349</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers To Other Funds | | | (40,000) | (40,000) |
| Total Other Adjustments to Cash (Uses) | | | <u>(40,000)</u> | <u>(40,000)</u> |
| Net Change in Fund Balance | | | <u>77,349</u> | <u>77,349</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 77,349</u> | <u>\$ 77,349</u> |

CARROLL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019

| | INSURANCE FUND | | | |
|--|-----------------------|---------------|--|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 75,000 | \$ 75,000 | \$ 54,689 | \$ (20,311) |
| Total Receipts | <u>75,000</u> | <u>75,000</u> | <u>54,689</u> | <u>(20,311)</u> |
| DISBURSEMENTS | | | | |
| Administration | 75,000 | 75,000 | 46,499 | 28,501 |
| Total Disbursements | <u>75,000</u> | <u>75,000</u> | <u>46,499</u> | <u>28,501</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | | <u>8,190</u> | <u>8,190</u> |
| Net Change in Fund Balance | | | 8,190 | 8,190 |
| Fund Balance - Beginning (Restated) | | | <u>53,302</u> | <u>53,302</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 61,492</u> | <u>\$ 61,492</u> |

CARROLL COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2019

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.

**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 Harold “Shorty” Tomlinson, Carroll County Judge/Executive
Members of the Carroll 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 Carroll County Fiscal Court for the fiscal year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Carroll County Fiscal Court’s financial statement and have issued our report thereon dated January 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Carroll County Fiscal Court’s internal control over financial reporting (internal control) to determine the 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 Carroll County Fiscal Court’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Carroll 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 were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2019-001 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)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Carroll 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-001.

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,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

January 15, 2021

**CARROLL COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

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CARROLL COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2019

FINANCIAL STATEMENT FINDING:

2019-001 The Fiscal Court Did Not Prepare A Schedule Of Expenditures Of Federal Awards (SEFA)

The county did not prepare a schedule of expenditures of federal awards (SEFA), despite spending \$427,887 in federal funds during fiscal year 2019. The treasurer was unaware of SEFA preparation requirements. By not preparing a SEFA, the county may not be able to determine if a single audit is required. This may also increase the risk of the suspension of federal programs.

Management is responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of Uniform Guidance. During fiscal year ended June 30, 2019, a single audit was required if federal expenditures exceeded \$750,000. Uniform Guidance per §200.510(b), requires the auditee to prepare a schedule of expenditures of federal awards covered by the auditee's financial statements. At a minimum, the schedule must:

(1) List individual federal programs by federal agency. For a cluster of programs, provide the cluster name, list individual federal programs within the cluster of programs, and provide the applicable federal agency name. For R&D, total federal awards expended must be shown either by individual federal award or by federal agency and major subdivision within the federal agency. For example, the National Institutes of Health is a major subdivision in the U.S. Department of Health and Human Services.

(2) For federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total federal awards expended for each individual federal program and the assistance listings number or other identifying number when the assistance listings information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each federal program.

(5) For loan or loan guarantee programs described in §200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414.

Controls were not in place to ensure that the SEFA was completed as required. In addition, the Kentucky Department for Local Government (DLG) requires the schedule of expenditures of federal awards to be submitted at the end of the fiscal year when submitting the fourth quarter financial report.

We recommend the county prepare a schedule of expenditures of federal awards to be in compliance with this requirement. The SEFA should also be submitted to DLG with the fourth quarter financial report as required.

County Judge/Executive's Response: The official did not provide a response.

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

CARROLL COUNTY FISCAL COURT

For The Year Ended June 30, 2019

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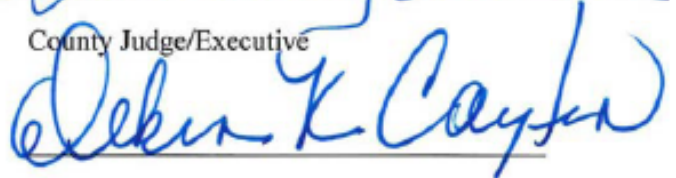
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
CARROLL COUNTY FISCAL COURT

For The Year Ended June 30, 2019

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



County Judge/Executive



County Treasurer