

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

**For The Year Ended  
June 30, 2022**



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

**Independent Auditor's Report**

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Howell Holbrook, Jr., Rockcastle County Judge/Executive

Members of the Rockcastle County Fiscal Court

**Report on the Audit of the Financial Statement**

***Opinions***

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Rockcastle County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Rockcastle County Fiscal Court's financial statement as listed in the table of contents.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Rockcastle County Fiscal Court, for the year ended June 30, 2022, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Rockcastle County Fiscal Court, for the year ended June 30, 2022, or the changes in financial position and cash flows thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Rockcastle County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky  
 The Honorable Andy Beshear, Governor  
 Holly M. Johnson, Secretary  
 Finance and Administration Cabinet  
 The Honorable Howell Holbrook, Jr., Rockcastle County Judge/Executive  
 Members of the Rockcastle 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 Rockcastle County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statement***

Rockcastle County Fiscal Court's management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rockcastle County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rockcastle County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Howell Holbrook, Jr., Rockcastle County Judge/Executive  
Members of the Rockcastle County Fiscal Court

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Matters**

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Rockcastle County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

***Other Information***

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Howell Holbrook, Jr., Rockcastle County Judge/Executive  
Members of the Rockcastle County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2023, on our consideration of the Rockcastle 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 Rockcastle County Fiscal Court's internal control over financial reporting and compliance.

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

- 2022-001 The Rockcastle County Jailer Failed To Properly Reconcile The Commissary Account
- 2022-002 The Rockcastle County Jailer Lacks Internal Controls Over Inmate And Commissary Receipts

Respectfully submitted,

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

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

May 23, 2023



**ROCKCASTLE COUNTY OFFICIALS****For The Year Ended June 30, 2022****Fiscal Court Members:**

|                    |                        |
|--------------------|------------------------|
| Howell Holbrook    | County Judge/Executive |
| Shannon Bishop     | Magistrate             |
| William Denney     | Magistrate             |
| Doug Prewitt       | Magistrate             |
| Shane Thacker      | Magistrate             |
| Michael P. McGuire | Magistrate             |

**Other Elected Officials:**

|                    |                                  |
|--------------------|----------------------------------|
| Jeremy Rowe        | County Attorney                  |
| Nathan Carter      | Jailer                           |
| Danetta Ford Allen | County Clerk                     |
| Eliza York-Hansel  | Circuit Court Clerk              |
| Shannon Franklin   | Sheriff                          |
| Janet Vaughn       | Property Valuation Administrator |
| Marvin E. Owens    | Coroner                          |

**Appointed Personnel:**

|               |                  |
|---------------|------------------|
| Joe Clontz    | County Treasurer |
| Vickie Miller | Finance Officer  |

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

**For The Year Ended June 30, 2022**

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

**For The Year Ended June 30, 2022**

|  | <b>Budgeted Funds</b>   |                      |                      |
|--|-------------------------|----------------------|----------------------|
|  | <b>General<br/>Fund</b> | <b>Road<br/>Fund</b> | <b>Jail<br/>Fund</b> |
| <b>RECEIPTS</b>  |                         |                      |                      |
| Taxes  | \$ 3,691,441            | \$                   | \$                   |
| In Lieu Tax Payments   | 38,653                  | 26,422               |                      |
| Excess Fees  | 191,193                 |                      |                      |
| Licenses and Permits   | 19,016                  |                      |                      |
| Intergovernmental  | 2,412,116               | 1,333,587            | 616,069              |
| Charges for Services   | 14,528                  |                      | 15,599               |
| Miscellaneous  | 1,666,566               | 38,285               | 49,350               |
| Interest   | 12,010                  | 420                  | 172                  |
| Total Receipts   | <u>8,045,523</u>        | <u>1,398,714</u>     | <u>681,190</u>       |
| <b>DISBURSEMENTS</b>   |                         |                      |                      |
| General Government   | 1,471,264               | 18,000               |                      |
| Protection to Persons and Property   | 191,202                 |                      | 1,108,543            |
| General Health and Sanitation  | 79,739                  |                      |                      |
| Social Services  | 67,575                  |                      |                      |
| Recreation and Culture   | 84,997                  |                      |                      |
| Roads  |                         | 1,307,960            |                      |
| Debt Service   | 628,293                 | 161,250              | 87,775               |
| Capital Projects   | 71,424                  |                      |                      |
| Administration   | 956,399                 | 362,360              | 388,967              |
| Total Disbursements  | <u>3,550,893</u>        | <u>1,849,570</u>     | <u>1,585,285</u>     |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | <u>4,494,630</u>        | <u>(450,856)</u>     | <u>(904,095)</u>     |
| <b>Other Adjustments to Cash (Uses)</b>  |                         |                      |                      |
| Transfers From Other Funds   |                         | 383,780              | 986,000              |
| Transfers To Other Funds   | (4,803,241)             |                      |                      |
| Total Other Adjustments to Cash (Uses)   | <u>(4,803,241)</u>      | <u>383,780</u>       | <u>986,000</u>       |
| Net Change in Fund Balance   | (308,611)               | (67,076)             | 81,905               |
| Fund Balance - Beginning (Restated)  | 1,881,099               | 157,534              | 3,337                |
| Fund Balance - Ending  | <u>\$ 1,572,488</u>     | <u>\$ 90,458</u>     | <u>\$ 85,242</u>     |
| <b>Composition of Fund Balance</b>   |                         |                      |                      |
| Bank Balance   | \$ 1,574,949            | \$ 90,594            | \$ 85,803            |
| Less: Outstanding Checks   | <u>(2,461)</u>          | <u>(136)</u>         | <u>(561)</u>         |
| Fund Balance - Ending  | <u>\$ 1,572,488</u>     | <u>\$ 90,458</u>     | <u>\$ 85,242</u>     |

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

**ROCKCASTLE COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| Budgeted Funds  |                  |                     |                                 |                           |             |   |
|---|------------------|---------------------|---------------------------------|---------------------------|-------------|---|
| Local<br>Government<br>Economic<br>Assistance<br>Fund | Forestry<br>Fund | Fairgrounds<br>Fund | Economic<br>Development<br>Fund | Farmers<br>Market<br>Fund | 911<br>Fund | American<br>Rescue<br>Plan<br>Act<br>Fund |
| \$  | \$ 1,228         | \$                  | \$                              | \$                        | \$ 106,465  | \$  |
| 389,688   |                  |                     |                                 |                           | 190,243     |   |
| 975   |                  |                     |                                 |                           |             |   |
| 35,214  |                  | 5,550               | 1,800,000                       | 650                       |             |   |
| 120   |                  |                     | 4,597                           |                           | 70          | 4,029                                     |
| 425,997   | 1,228            | 5,550               | 1,804,597                       | 650                       | 296,778     | 4,029                                     |
| 39,872  |                  |                     |                                 |                           |             |   |
| 70,485  | 2,555            |                     |                                 |                           | 334,402     |   |
| 214,361   |                  |                     |                                 |                           |             |   |
|   |                  | 22,246              |                                 |                           |             |   |
| 80,232  |                  |                     |                                 |                           |             |   |
| 58,944  |                  |                     |                                 |                           | 146,274     |   |
| 463,894   | 2,555            | 22,246              |                                 |                           | 480,676     |   |
| (37,897)  | (1,327)          | (16,696)            | 1,804,597                       | 650                       | (183,898)   | 4,029                                     |
| 35,000  | 1,500            | 10,000              | 1,535,557                       |                           | 215,000     | 1,621,404                                 |
| 35,000  | 1,500            | 10,000              | 1,535,557                       |                           | 215,000     | 1,621,404                                 |
| (2,897)   | 173              | (6,696)             | 3,340,154                       | 650                       | 31,102      | 1,625,433                                 |
| 69,544  | 201              | 12,432              |                                 |                           | 29,473      |   |
| \$ 66,647   | \$ 374           | \$ 5,736            | \$ 3,340,154                    | \$ 650                    | \$ 60,575   | \$ 1,625,433                              |
| \$ 70,128   | \$ 374           | \$ 6,030            | \$ 3,340,154                    | \$ 650                    | \$ 61,231   | \$ 1,625,433                              |
| (3,481)   |                  | (294)               |                                 |                           | (656)       |   |
| \$ 66,647   | \$ 374           | \$ 5,736            | \$ 3,340,154                    | \$ 650                    | \$ 60,575   | \$ 1,625,433                              |

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

**ROCKCASTLE COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2022**  
**(Continued)**

|  | <u>Budgeted Fund</u>  | <u>Unbudgeted Fund</u>              |                        |
|--|---|-------------------------------------|------------------------|
|  | <b>Chemical<br/>Stockpile<br/>Emergency<br/>Preparedness<br/>Fund</b> | <b>Jail<br/>Commissary<br/>Fund</b> | <b>Total<br/>Funds</b> |
| <b>RECEIPTS</b>  |   |                                     |                        |
| Taxes  | \$  | \$                                  | \$ 3,799,134           |
| In Lieu Tax Payments   |   |                                     | 65,075                 |
| Excess Fees  |   |                                     | 191,193                |
| Licenses and Permits   |   |                                     | 19,016                 |
| Intergovernmental  | 486,076   |                                     | 5,427,779              |
| Charges for Services   |   |                                     | 31,102                 |
| Miscellaneous  | 438   | 74,028                              | 3,670,081              |
| Interest   |   | 134                                 | 21,552                 |
| Total Receipts   | <u>486,514</u>  | <u>74,162</u>                       | <u>13,224,932</u>      |
| <b>DISBURSEMENTS</b>   |   |                                     |                        |
| General Government   |   |                                     | 1,529,136              |
| Protection to Persons and Property   | 492,705   |                                     | 2,199,892              |
| General Health and Sanitation  |   |                                     | 294,100                |
| Social Services  |   |                                     | 67,575                 |
| Recreation and Culture   |   | 80,822                              | 188,065                |
| Roads  |   |                                     | 1,388,192              |
| Debt Service   |   |                                     | 877,318                |
| Capital Projects   |   |                                     | 71,424                 |
| Administration   | 25,693  |                                     | 1,938,637              |
| Total Disbursements  | <u>518,398</u>  | <u>80,822</u>                       | <u>8,554,339</u>       |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | <u>(31,884)</u>   | <u>(6,660)</u>                      | <u>4,670,593</u>       |
| <b>Other Adjustments to Cash (Uses)</b>  |   |                                     |                        |
| Transfers From Other Funds   | 15,000  |                                     | 4,803,241              |
| Transfers To Other Funds   |   |                                     | (4,803,241)            |
| Total Other Adjustments to Cash (Uses)   | <u>15,000</u>   |                                     |                        |
| Net Change in Fund Balance   | (16,884)  | (6,660)                             | 4,670,593              |
| Fund Balance - Beginning (Restated)  | <u>85,522</u>   | <u>132,879</u>                      | <u>2,372,021</u>       |
| Fund Balance - Ending  | <u>\$ 68,638</u>  | <u>\$ 126,219</u>                   | <u>\$ 7,042,614</u>    |
| <b>Composition of Fund Balance</b>   |   |                                     |                        |
| Bank Balance   | \$ 69,882   | \$ 127,109                          | \$ 7,052,337           |
| Less: Outstanding Checks   | <u>(1,244)</u>  | <u>(890)</u>                        | <u>(9,723)</u>         |
| Fund Balance - Ending  | <u>\$ 68,638</u>  | <u>\$ 126,219</u>                   | <u>\$ 7,042,614</u>    |

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**ROCKCASTLE COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2022**

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

**A. Reporting Entity**

The financial statement of Rockcastle County includes all budgeted and unbudgeted funds under the control of the Rockcastle County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

**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, 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.



**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

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

**C. Basis of Presentation (Continued)**

**Budgeted Funds (Continued)**

Local Government Economic Assistance Fund (LGEA) - 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.

Forestry Fund - The primary purpose of this fund is to account for the forestry expenses of the county. The primary source of receipts for this fund is state grants.

Fairgrounds Fund - The primary purpose of this fund is to account for fairground expenses of the county. The primary source of receipts for this fund is from leasing or rentals of property.

Economic Development Fund - The purpose of this fund is to account for projects funded by local government economic development funds. The primary sources of receipts are grants received from the Department for Local Government.

Farmer's Market Fund - The primary purpose of this fund is to account for the farmer's market receipts of the county. The primary source of receipts for this fund is from booth rentals.

911 Fund - The primary purpose of this fund is to account for emergency personnel expenses of the county. The primary source of receipts for this fund is telephone fee collections.

American Rescue Plan Act Fund (ARPA) - The purpose of this fund is to account for Coronavirus state and local fiscal recovery funds and related disbursements. The primary source of receipts for this fund are federal Coronavirus grant funds.

Chemical Stockpile Emergency Preparedness Program (CSEPP) Fund - The primary purpose of this fund is to account for emergency equipment and personnel expenses of the county. The primary sources of receipts for this fund are federal and state grants.

**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.

**D. Budgetary Information**

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

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

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

**D. Budgetary Information (Continued)**

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. Rockcastle County Elected Officials**

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

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

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

**H. Related Organization**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following is considered a related organization of the Rockcastle County Fiscal Court:

Rockcastle County Industrial Development Authority

**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, 2022, 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 2022.

|                     | General<br>Fund     | Total<br>Transfers In |
|---------------------|---------------------|-----------------------|
| Road Fund           | \$ 383,780          | \$ 383,780            |
| Jail Fund           | 986,000             | 986,000               |
| LGEA Fund           | 35,000              | 35,000                |
| Forestry Fund       | 1,500               | 1,500                 |
| Fairgrounds Fund    | 10,000              | 10,000                |
| LGED Fund           | 1,535,557           | 1,535,557             |
| 911 Fund            | 215,000             | 215,000               |
| CSEPP Fund          | 15,000              | 15,000                |
| ARPA Fund           | 1,621,404           | 1,621,404             |
| Total Transfers Out | <u>\$ 4,803,241</u> | <u>\$ 4,803,241</u>   |

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 3. Transfers (Continued)**

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. Custodial Funds**

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2022 was \$4,960.

**Note 5. Leases**

**A. Lessor**

The Rockcastle County Fiscal Court entered into a 10-year lease agreement as lessor with Rockcastle County Senior Citizens, Inc. on March 10, 2020. The initial lease receivable was in the amount of \$10. As of June 30, 2022, the value of the lease receivable was \$8. The Rockcastle County Fiscal Court is scheduled to receive an annual lease payment of \$1.

The future lease receipts as of June 30, 2022, were as follows:

| Fiscal Year Ended |             |
|-------------------|-------------|
| June 30           | Principal   |
| 2023              | \$ 1        |
| 2024              | 1           |
| 2025              | 1           |
| 2026              | 1           |
| 2027              | 1           |
| 2028-2030         | 3           |
| Totals            | <u>\$ 8</u> |

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 5. Leases (Continued)**

**B. Lessee**

1. The Rockcastle County Fiscal Court entered into a 15-year lease agreement as lessee with Brindle Ridge Volunteer Fire Department for the acquisition and use of facilities and property on May 6, 2019, provided however the lessor shall have the option to extend this lease on a year-to-year basis thereafter. The initial lease liability was in the amount of \$15. As of June 30, 2022, the value of the lease liability was \$12. The Rockcastle County Fiscal Court is required to make annual lease payments of \$1.

The future lease payments as of June 30, 2022, were as follows:

| Fiscal Year Ended<br>June 30 | Principal    |
|------------------------------|--------------|
| 2023                         | \$ 1         |
| 2024                         | 1            |
| 2025                         | 1            |
| 2026                         | 1            |
| 2027                         | 1            |
| 2028-2032                    | 5            |
| 2033-2034                    | 2            |
| Totals                       | <u>\$ 12</u> |

2. The Rockcastle County Fiscal Court entered into a 15-year lease agreement as lessee with Western Rockcastle Volunteer Fire Department for the acquisition and use of facilities and property on January 1, 2019, provided however the lessor shall have the option to extend this lease on a year-to-year basis thereafter. The initial lease liability was in the amount of \$15. As of June 30, 2022, the value of the lease liability was \$12. The Rockcastle County Fiscal Court is required to make annual lease payments of \$1.

The future lease payments as of June 30, 2022, were as follows:

| Fiscal Year Ended<br>June 30 | Principal    |
|------------------------------|--------------|
| 2023                         | \$ 1         |
| 2024                         | 1            |
| 2025                         | 1            |
| 2026                         | 1            |
| 2027                         | 1            |
| 2028-2032                    | 5            |
| 2033-2034                    | 2            |
| Totals                       | <u>\$ 12</u> |

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Direct Borrowing - Financing Program Revenue Bonds, 2016 First Series C**

On September 14, 2016, the Rockcastle County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Finance Corporation (KACO), using Financing Program Revenue Bonds, 2016 First Series C, to refund the outstanding debt, General Obligation Public Project Refunding Bonds, Series 2007, dated April 12, 2007, used for the jail renovations, and a fire truck for Brindle Ridge Fire Department, the Series 2009 land purchase dated May 18, 2009, and the 2009B road resurfacing lease agreement dated June 22, 2009. As of June 30, 2022, the principal balance of the lease agreement is \$672,500. In the event of default, the lessor will pursue action against the county to fulfill the obligations of the outstanding debt. Future principal and interest requirements are:

| <u>Fiscal Year Ending<br/>June 30</u> | <u>Principal</u>  | <u>Scheduled<br/>Interest</u> |
|---------------------------------------|-------------------|-------------------------------|
| 2023                                  | \$ 360,000        | \$ 27,331                     |
| 2024                                  | 227,500           | 11,932                        |
| 2025                                  | <u>85,000</u>     | <u>2,163</u>                  |
| Totals                                | <u>\$ 672,500</u> | <u>\$ 41,426</u>              |

**2. Direct Borrowing - Industrial Authority**

The Rockcastle County Industrial Authority obtained a loan with Republic Bank on August 10, 2017, to construct a building. Principal on the loan was \$732,083, with an interest rate of 4.15 percent. Monthly principal and interest payments are scheduled for a period of seven years. The principal balance outstanding as of June 30, 2022, was \$218,963. In the event of default, the building will be forfeited.

Future principal and interest requirements are:

| <u>Fiscal Year Ending<br/>June 30</u> | <u>Principal</u>  | <u>Scheduled<br/>Interest</u> |
|---------------------------------------|-------------------|-------------------------------|
| 2023                                  | \$ 117,373        | \$ 6,863                      |
| 2024                                  | <u>101,590</u>    | <u>1,940</u>                  |
| Totals                                | <u>\$ 218,963</u> | <u>\$ 8,803</u>               |

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 6. Long-term Debt (continued)**

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

**3. Direct Borrowing - Land and Houses**

On August 28, 2014, the Rockcastle County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Finance Corporation (KACO) to purchase land and two houses to be leased to the Kentucky Country Music Hall of Fame. Principal on the agreement was \$415,000 with variable interest rates between 3 percent and 3.75 percent. Monthly principal and interest payments are scheduled for a period of 25 years. The principal balance outstanding as of June 30, 2022, was \$307,500. In the event of default, the project will be taken over by the bank. Future principal and interest requirements are:

| <u>Fiscal Year Ending<br/>June 30</u> | <u>Principal</u>  | <u>Scheduled<br/>Interest</u> |
|---------------------------------------|-------------------|-------------------------------|
| 2023                                  | \$ 15,000         | \$ 11,456                     |
| 2024                                  | 15,000            | 10,969                        |
| 2025                                  | 15,000            | 10,481                        |
| 2026                                  | 15,000            | 9,994                         |
| 2027                                  | 15,000            | 9,506                         |
| 2028-2032                             | 92,500            | 39,080                        |
| 2033-2037                             | 102,500           | 21,025                        |
| 2038-2039                             | 37,500            | 2,375                         |
| Totals                                | <u>\$ 307,500</u> | <u>\$ 114,886</u>             |

**4. Direct Borrowing - Fire Truck**

On October 30, 2018, the Rockcastle County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust to purchase a fire truck. Principal on the agreement was \$75,000 with a fixed rate of interest at 4.48 percent. Monthly principal and interest payments are scheduled for a period of five years. The principal balance outstanding as of June 30, 2022, was \$21,250. In the event of default, the fire truck will be taken over by the bank. Future principal and interest requirements are:

| <u>Fiscal Year Ending<br/>June 30</u> | <u>Principal</u> | <u>Scheduled<br/>Interest</u> |
|---------------------------------------|------------------|-------------------------------|
| 2023                                  | \$ 15,000        | \$ 654                        |
| 2024                                  | 6,250            | 71                            |
| Totals                                | <u>\$ 21,250</u> | <u>\$ 725</u>                 |

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

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

**5. Direct Borrowing - Financing Program Revenue Bonds, 2019 Taxable Series D**

On September 26, 2019, the Rockcastle County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Finance Corporation (KACO), using Financing Program Revenue Bonds, 2019 Taxable Series D, to refinance the outstanding capital lease debt dated April 12, 2012, used for the purchase of the Anchor Building, and to pay in full the line of credit used by the Rockcastle County Industrial Development Authority for financing the Microfoodery project. Monthly principal and interest payments are scheduled for a period of 25 years. The principal balance of the lease agreement as of June 30, 2022, is \$3,052,500. In the event of default, the lessor will pursue action against the county to fulfill the obligations of the outstanding debt. Future principal and interest requirements are:

| Fiscal Year Ending<br>June 30 | Principal           | Scheduled<br>Interest |
|-------------------------------|---------------------|-----------------------|
| 2023                          | \$ 230,000          | \$ 79,562             |
| 2024                          | 235,000             | 74,615                |
| 2025                          | 237,500             | 69,386                |
| 2026                          | 245,000             | 63,983                |
| 2027                          | 255,000             | 58,285                |
| 2028-2032                     | 1,390,000           | 191,502               |
| 2033-2034                     | 460,000             | 21,330                |
| Totals                        | <u>\$ 3,052,500</u> | <u>\$ 558,663</u>     |

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

Long-term Debt activity for the year ended June 30, 2022, was as follows:

|  | Beginning<br>Balance | Additions   | Reductions        | Ending<br>Balance  | Due Within<br>One Year |
|--|----------------------|-------------|-------------------|--------------------|------------------------|
| Direct Borrowings and<br>Direct Placements | \$ 4,985,994         | \$          | \$ 713,281        | \$4,272,713        | \$ 737,373             |
| Total Long-term Debt                       | <u>\$ 4,985,994</u>  | <u>\$ 0</u> | <u>\$ 713,281</u> | <u>\$4,272,713</u> | <u>\$ 737,373</u>      |



**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**C. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations on June 30, 2022, were as follows:

| Fiscal Year Ended<br>June 30 | Direct Borrowings and<br>Direct Placements |                   |
|------------------------------|--|-------------------|
|                              | Principal                                  | Interest          |
| 2023                         | \$ 737,373                                 | \$ 125,866        |
| 2024                         | 585,340                                    | 99,527            |
| 2025                         | 337,500                                    | 82,030            |
| 2026                         | 260,000                                    | 73,977            |
| 2027                         | 270,000                                    | 67,791            |
| 2028-2032                    | 1,482,500                                  | 230,582           |
| 2033-2037                    | 562,500                                    | 42,355            |
| 2038-2039                    | 37,500                                     | 2,375             |
| Totals                       | <u>\$ 4,272,713</u>                        | <u>\$ 724,503</u> |

**Note 7. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2020 was \$614,687, FY 2021 was \$641,839 and FY 2022 was \$737,112.

Nonhazardous

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

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 7. Employee Retirement System (Continued)**

Nonhazardous (Continued)

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

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 26.95 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:

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

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

Benefits are covered under KRS 78.5536.

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 7. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB)

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

Once members reach a minimum vesting period of 15 years, they earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

**C. Cost of Living Adjustments - Tier 1**

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

**D. Cost of Living Adjustments - Tier 2 and Tier 3**

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

**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.

Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

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

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 8. Deferred Compensation**

The Rockcastle County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

**Note 9. Health Reimbursement Account/Flexible Spending Account**

The Rockcastle County Fiscal Court, in Fiscal Court Order No.10 established a health reimbursement account on October 1, 2011, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan includes a debit card to each eligible employee providing \$600 per year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction.

**Note 10. Insurance**

For the fiscal year ended June 30, 2022, the Rockcastle County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 11. Prior Period Adjustments**

|  | <u>General Fund</u> | <u>Road Fund</u>  | <u>Jail Fund</u> |
|--|---------------------|-------------------|------------------|
| Fund Balance - Beginning                             | \$ 1,784,619        | \$ 157,380        | \$ 3,116         |
| Add: Prior Year Voided Checks                        |                     | 154               | 221              |
| Add: Adjustment for Bank Account Misstated           | 156,022             |                   |                  |
| Less: Prior Year Payroll Fund Included In Prior Year | <u>(59,542)</u>     |                   |                  |
| Fund Balance - Beginning (Restated)                  | <u>\$ 1,881,099</u> | <u>\$ 157,534</u> | <u>\$ 3,337</u>  |

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 12. Conduit Debt**

From time to time the county has issued bonds to provide financial assistance to a local hospital 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 Rockcastle 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, 2022, the outstanding balance is \$7,150,000.

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

**For The Year Ended June 30, 2022**

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

**For The Year Ended June 30, 2022**

|  | <b>GENERAL FUND</b> |              |                                  |  |
|--|---------------------|--------------|----------------------------------|--|
|  | Budgeted Amounts    |              | Actual                           | Variance with                          |
|  | Original            | Final        | Amounts,<br>(Budgetary<br>Basis) | Final Budget<br>Positive<br>(Negative) |
| <b>RECEIPTS</b>  |                     |              |                                  |  |
| Taxes  | \$ 3,570,100        | \$ 3,694,597 | \$ 3,691,441                     | \$ (3,156)                             |
| In Lieu Tax Payments   | 45,600              | 45,600       | 38,653                           | (6,947)                                |
| Excess Fees  | 80,284              | 191,193      | 191,193                          |  |
| Licenses and Permits   | 18,795              | 18,795       | 19,016                           | 221                                    |
| Intergovernmental  | 194,873             | 2,407,018    | 2,412,116                        | 5,098                                  |
| Charges for Services   | 23,500              | 25,014       | 14,528                           | (10,486)                               |
| Miscellaneous  | 64,308              | 1,706,059    | 1,666,566                        | (39,493)                               |
| Interest   | 48,750              | 48,750       | 12,010                           | (36,740)                               |
| Total Receipts   | 4,046,210           | 8,137,026    | 8,045,523                        | (91,503)                               |
| <b>DISBURSEMENTS</b>   |                     |              |                                  |  |
| General Government   | 1,360,675           | 1,590,410    | 1,471,264                        | 119,146                                |
| Protection to Persons and Property   | 220,556             | 232,360      | 191,202                          | 41,158                                 |
| General Health and Sanitation  | 77,467              | 83,234       | 79,739                           | 3,495                                  |
| Social Services  | 74,260              | 78,527       | 67,575                           | 10,952                                 |
| Recreation and Culture   | 97,200              | 125,301      | 84,997                           | 40,304                                 |
| Debt Service   | 625,059             | 625,059      | 628,293                          | (3,234)                                |
| Capital Projects   |                     | 72,000       | 71,424                           | 576                                    |
| Administration   | 743,250             | 3,865,818    | 956,399                          | 2,909,419                              |
| Total Disbursements  | 3,198,467           | 6,672,709    | 3,550,893                        | 3,121,816                              |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | 847,743             | 1,464,317    | 4,494,630                        | 3,030,313                              |
| <b>Other Adjustments to Cash (Uses)</b>  |                     |              |                                  |  |
| Transfers To Other Funds   | (1,347,743)         | (3,189,394)  | (4,803,241)                      | (1,613,847)                            |
| Total Other Adjustments to Cash (Uses)   | (1,347,743)         | (3,189,394)  | (4,803,241)                      | (1,613,847)                            |
| Net Change in Fund Balance   | (500,000)           | (1,725,077)  | (308,611)                        | 1,416,466                              |
| Fund Balance - Beginning (Restated)  | 500,000             | 1,725,077    | 1,881,099                        | 156,022                                |
| Fund Balance - Ending  | \$ 0                | \$ 0         | \$ 1,572,488                     | \$ 1,572,488                           |

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

|  | <b>ROAD FUND</b> |                  |  |   |
|--|------------------|------------------|--|---|
|  | Budgeted Amounts |                  | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original         | Final            |  |   |
| <b>RECEIPTS</b>  |                  |                  |  |   |
| In Lieu Tax Payments   | \$ 23,125        | \$ 26,422        | \$ 26,422                                  | \$  |
| Intergovernmental  | 1,544,842        | 1,581,497        | 1,333,587                                  | (247,910)   |
| Miscellaneous  | 11,000           | 17,264           | 38,285                                     | 21,021  |
| Interest   | 450              | 450              | 420  | (30)  |
| Total Receipts   | <u>1,579,417</u> | <u>1,625,633</u> | <u>1,398,714</u>                           | <u>(226,919)</u>  |
| <b>DISBURSEMENTS</b>   |                  |                  |  |   |
| General Government   | 18,000           | 18,000           | 18,000                                     |   |
| Roads  | 1,255,450        | 1,419,575        | 1,307,960                                  | 111,615   |
| Debt Service   | 161,250          | 161,250          | 161,250                                    |   |
| Administration   | 371,665          | 567,968          | 362,360                                    | 205,608   |
| Total Disbursements  | <u>1,806,365</u> | <u>2,166,793</u> | <u>1,849,570</u>                           | <u>317,223</u>  |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | <u>(226,948)</u> | <u>(541,160)</u> | <u>(450,856)</u>                           | <u>90,304</u>   |
| <b>Other Adjustments to Cash (Uses)</b>  |                  |                  |  |   |
| Transfers From Other Funds   | <u>201,948</u>   | <u>383,780</u>   | <u>383,780</u>                             |   |
| Total Other Adjustments to Cash (Uses)   | <u>201,948</u>   | <u>383,780</u>   | <u>383,780</u>                             |   |
| Net Change in Fund Balance   | (25,000)         | (157,380)        | (67,076)                                   | 90,304  |
| Fund Balance - Beginning (Restated)  | <u>25,000</u>    | <u>157,380</u>   | <u>157,534</u>                             | <u>154</u>  |
| Fund Balance - Ending  | <u>\$ 0</u>      | <u>\$ 0</u>      | <u>\$ 90,458</u>                           | <u>\$ 90,458</u>  |

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>JAIL FUND</b>   |                  |             |                                  |  |
|--|------------------|-------------|----------------------------------|--|
|  | Budgeted Amounts |             | Actual                           | Variance with                          |
|  | Original         | Final       | Amounts,<br>(Budgetary<br>Basis) | Final Budget<br>Positive<br>(Negative) |
| <b>RECEIPTS</b>  |                  |             |                                  |  |
| Intergovernmental  | \$ 521,850       | \$ 623,449  | \$ 616,069                       | \$ (7,380)                             |
| Charges for Services   | 21,000           | 21,000      | 15,599                           | (5,401)                                |
| Miscellaneous  | 44,500           | 56,395      | 49,350                           | (7,045)                                |
| Interest   | 100              | 157         | 172                              | 15                                     |
| Total Receipts   | 587,450          | 701,001     | 681,190                          | (19,811)                               |
| <b>DISBURSEMENTS</b>   |                  |             |                                  |  |
| Protection to Persons and Property   | 1,099,763        | 1,145,001   | 1,108,543                        | 36,458                                 |
| Debt Service   | 87,775           | 87,775      | 87,775                           |  |
| Administration   | 403,469          | 469,898     | 388,967                          | 80,931                                 |
| Total Disbursements  | 1,591,007        | 1,702,674   | 1,585,285                        | 117,389                                |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | (1,003,557)      | (1,001,673) | (904,095)                        | 97,578                                 |
| <b>Other Adjustments to Cash (Uses)</b>  |                  |             |                                  |  |
| Transfers From Other Funds   | 998,557          | 998,557     | 986,000                          | (12,557)                               |
| Total Other Adjustments to Cash (Uses)   | 998,557          | 998,557     | 986,000                          | (12,557)                               |
| Net Change in Fund Balance   | (5,000)          | (3,116)     | 81,905                           | 85,021                                 |
| Fund Balance - Beginning (Restated)  | 5,000            | 3,116       | 3,337                            | 221                                    |
| Fund Balance - Ending  | \$ 0             | \$ 0        | \$ 85,242                        | \$ 85,242                              |

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>   |                  |                 |  |   |
|--|------------------|-----------------|--|---|
|  | Budgeted Amounts |                 | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original         | Final           |  |   |
| <b>RECEIPTS</b>  |                  |                 |  |   |
| Intergovernmental  | \$ 245,009       | \$ 400,720      | \$ 389,688                                 | \$ (11,032)   |
| Charges for Services   |                  | 850             | 975  | 125   |
| Miscellaneous  | 7,500            | 32,497          | 35,214                                     | 2,717   |
| Interest   | 35               | 117             | 120  | 3   |
| Total Receipts   | <u>252,544</u>   | <u>434,184</u>  | <u>425,997</u>                             | <u>(8,187)</u>  |
| <b>DISBURSEMENTS</b>   |                  |                 |  |   |
| General Government   | 43,354           | 49,094          | 39,872                                     | 9,222   |
| Protection to Persons and Property   | 53,000           | 73,000          | 70,485                                     | 2,515   |
| General Health and Sanitation  | 87,415           | 221,524         | 214,361                                    | 7,163   |
| Social Services  | 1,000            | 1,000           |  | 1,000   |
| Roads  | 35,600           | 80,232          | 80,232                                     |   |
| Administration   | 82,175           | 108,878         | 58,944                                     | 49,934  |
| Total Disbursements  | <u>302,544</u>   | <u>533,728</u>  | <u>463,894</u>                             | <u>69,834</u>   |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | <u>(50,000)</u>  | <u>(99,544)</u> | <u>(37,897)</u>                            | <u>61,647</u>   |
| <b>Other Adjustments to Cash (Uses)</b>  |                  |                 |  |   |
| Transfers From Other Funds   |                  | 30,000          | 35,000                                     | 5,000   |
| Total Other Adjustments to Cash (Uses)   |                  | <u>30,000</u>   | <u>35,000</u>                              | <u>5,000</u>  |
| Net Change in Fund Balance   | (50,000)         | (69,544)        | (2,897)                                    | 66,647  |
| Fund Balance - Beginning   | <u>50,000</u>    | <u>69,544</u>   | <u>69,544</u>                              |   |
| Fund Balance - Ending  | <u>\$ 0</u>      | <u>\$ 0</u>     | <u>\$ 66,647</u>                           | <u>\$ 66,647</u>  |

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>FORESTRY FUND</b>   |                  |          |                                  |  |
|--|------------------|----------|----------------------------------|--|
|  | Budgeted Amounts |          | Actual                           | Variance with                          |
|  | Original         | Final    | Amounts,<br>(Budgetary<br>Basis) | Final Budget<br>Positive<br>(Negative) |
| <b>RECEIPTS</b>  |                  |          |                                  |  |
| Taxes  | \$ 1,775         | \$ 1,775 | \$ 1,228                         | \$ (547)                               |
| Total Receipts   | 1,775            | 1,775    | 1,228                            | (547)                                  |
| <b>DISBURSEMENTS</b>   |                  |          |                                  |  |
| Protection to Persons and Property   | 2,555            | 2,555    | 2,555                            |  |
| Administration   |                  | 921      |                                  | 921                                    |
| Total Disbursements  | 2,555            | 3,476    | 2,555                            | 921                                    |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | (780)            | (1,701)  | (1,327)                          | 374                                    |
| <b>Other Adjustments to Cash (Uses)</b>  |                  |          |                                  |  |
| Transfers From Other Funds   | 580              | 1,500    | 1,500                            |  |
| Total Other Adjustments to Cash (Uses)   | 580              | 1,500    | 1,500                            |  |
| Net Change in Fund Balance   | (200)            | (201)    | 173                              | 374                                    |
| Fund Balance - Beginning   | 200              | 201      | 201                              |  |
| Fund Balance - Ending  | \$ 0             | \$ 0     | \$ 374                           | \$ 374                                 |

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>FAIRGROUNDS FUND</b>  |                  |           |                                  |  |
|--|------------------|-----------|----------------------------------|--|
|  | Budgeted Amounts |           | Actual                           | Variance with                          |
|  | Original         | Final     | Amounts,<br>(Budgetary<br>Basis) | Final Budget<br>Positive<br>(Negative) |
| <b>RECEIPTS</b>  |                  |           |                                  |  |
| Miscellaneous  | \$ 10,500        | \$ 10,500 | \$ 5,550                         | \$ (4,950)                             |
| Total Receipts   | 10,500           | 10,500    | 5,550                            | (4,950)                                |
| <b>DISBURSEMENTS</b>   |                  |           |                                  |  |
| Recreation and Culture   | 17,250           | 23,850    | 22,246                           | 1,604                                  |
| Administration   |                  | 9,082     |                                  | 9,082                                  |
| Total Disbursements  | 17,250           | 32,932    | 22,246                           | 10,686                                 |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | (6,750)          | (22,432)  | (16,696)                         | 5,736                                  |
| <b>Other Adjustments to Cash (Uses)</b>  |                  |           |                                  |  |
| Transfers From Other Funds   | 5,750            | 10,000    | 10,000                           |  |
| Total Other Adjustments to Cash (Uses)   | 5,750            | 10,000    | 10,000                           |  |
| Net Change in Fund Balance   | (1,000)          | (12,432)  | (6,696)                          | 5,736                                  |
| Fund Balance - Beginning   | 1,000            | 12,432    | 12,432                           |  |
| Fund Balance - Ending  | \$ 0             | \$ 0      | \$ 5,736                         | \$ 5,736                               |

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| ECONOMIC DEVELOPMENT FUND               |       |                        |              |   |
|---|-------|------------------------|--------------|---|
|   |       | Actual                 |              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| Budgeted Amounts                        |       | Amounts,<br>(Budgetary |              |   |
| Original                                | Final | Basis)                 |              |   |
| <b>RECEIPTS</b>                         |       |                        |              |   |
| Miscellaneous                           | \$    | \$ 1,800,000           | \$ 1,800,000 | \$  |
| Interest                                |       | 3,225                  | 4,597        | 1,372   |
| Total Receipts                          |       | 1,803,225              | 1,804,597    | 1,372   |
| <b>DISBURSEMENTS</b>                    |       |                        |              |   |
| Administration                          |       | 3,338,781              |              | 3,338,781   |
| Total Disbursements                     |       | 3,338,781              |              | 3,338,781   |
| Excess (Deficiency) of Receipts Over    |       |                        |              |   |
| Disbursements Before Other              |       |                        |              |   |
| Adjustments to Cash (Uses)              |       | (1,535,556)            | 1,804,597    | 3,340,153   |
| <b>Other Adjustments to Cash (Uses)</b> |       |                        |              |   |
| Transfers From Other Funds              |       | 1,535,557              | 1,535,557    |   |
| Total Other Adjustments to Cash (Uses)  |       | 1,535,557              | 1,535,557    |   |
| Net Change in Fund Balance              |       | 1                      | 3,340,154    | 3,340,153   |
| Fund Balance - Beginning                |       |                        |              |   |
| Fund Balance - Ending                   | \$ 0  | \$ 0                   | \$ 3,340,154 | \$ 3,340,153  |

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>FARMERS MARKET FUND</b>   |                  |        |  |   |
|--|------------------|--------|--|---|
|  | Budgeted Amounts |        | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original         | Final  |  |   |
| <b>RECEIPTS</b>  |                  |        |  |   |
| Miscellaneous  | \$ 0             | \$ 550 | \$ 650                                     | \$ 100  |
| Total Receipts   |                  | 550    | 650  | 100   |
| <b>DISBURSEMENTS</b>   |                  |        |  |   |
| Administration   |                  | 550    |  | 550   |
| Total Disbursements  |                  | 550    |  | 550   |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) |                  |        | 650  | 650   |
| <b>Other Adjustments to Cash (Uses)</b>  |                  |        |  |   |
| Net Change in Fund Balance   |                  |        | 650  | 650   |
| Fund Balance - Beginning   |                  |        |  |   |
| Fund Balance - Ending  | \$ 0             | \$ 0   | \$ 650                                     | \$ 650  |



**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>911 FUND</b>  |                  |            |  |   |
|--|------------------|------------|--|---|
|  | Budgeted Amounts |            | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original         | Final      |  |   |
| <b>RECEIPTS</b>  |                  |            |  |   |
| Taxes  | \$ 110,000       | \$ 110,000 | \$ 106,465                                 | \$ (3,535)  |
| Intergovernmental  | 160,000          | 190,243    | 190,243                                    |   |
| Interest   | 50               | 58         | 70   | 12  |
| Total Receipts   | 270,050          | 300,301    | 296,778                                    | (3,523)   |
| <b>DISBURSEMENTS</b>   |                  |            |  |   |
| Protection to Persons and Property   | 287,900          | 340,327    | 334,402                                    | 5,925   |
| Administration   | 124,058          | 204,447    | 146,274                                    | 58,173  |
| Total Disbursements  | 411,958          | 544,774    | 480,676                                    | 64,098  |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | (141,908)        | (244,473)  | (183,898)                                  | 60,575  |
| <b>Other Adjustments to Cash (Uses)</b>  |                  |            |  |   |
| Transfers From Other Funds   | 140,908          | 215,000    | 215,000                                    |   |
| Total Other Adjustments to Cash (Uses)   | 140,908          | 215,000    | 215,000                                    |   |
| Net Change in Fund Balance   | (1,000)          | (29,473)   | 31,102                                     | 60,575  |
| Fund Balance - Beginning   | 1,000            | 29,473     | 29,473                                     |   |
| Fund Balance - Ending  | \$ 0             | \$ 0       | \$ 60,575                                  | \$ 60,575   |

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>AMERICAN RESCUE PLAN ACT FUND</b>   |                  |          |  |   |
|--|------------------|----------|--|---|
|  | Budgeted Amounts |          | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original         | Final    |  |   |
| <b>RECEIPTS</b>  |                  |          |  |   |
| Interest   | \$               | \$ 3,361 | \$ 4,029                                   | \$ 668  |
| Total Receipts   |                  | 3,361    | 4,029                                      | 668   |
| <b>DISBURSEMENTS</b>   |                  |          |  |   |
| Administration   |                  | 3,361    |  | 3,361   |
| Total Disbursements  |                  | 3,361    |  | 3,361   |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) |                  |          | 4,029                                      | 4,029   |
| <b>Other Adjustments to Cash (Uses)</b>  |                  |          |  |   |
| Transfers From Other Funds   |                  |          | 1,621,404                                  | 1,621,404   |
| Total Other Adjustments to Cash (Uses)   |                  |          | 1,621,404                                  | 1,621,404   |
| Net Change in Fund Balance   |                  |          | 1,625,433                                  | 1,625,433   |
| Fund Balance - Beginning   |                  |          |  |   |
| Fund Balance - Ending  | \$ 0             | \$ 0     | \$ 1,625,433                               | \$ 1,625,433  |

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

**CHEMICAL STOCKPILE EMERGENCY PREPAREDNESS FUND**

|  | Budgeted Amounts |            | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------|--|---|
|  | Original         | Final      |  |   |
| <b>RECEIPTS</b>  |                  |            |  |   |
| Intergovernmental  | \$ 512,437       | \$ 512,437 | \$ 486,076                                 | \$ (26,361)   |
| Miscellaneous  |                  | 238        | 438  | 200   |
| Total Receipts   | 512,437          | 512,675    | 486,514                                    | (26,161)  |
| <b>DISBURSEMENTS</b>   |                  |            |  |   |
| Protection to Persons and Property   | 406,966          | 538,359    | 492,705                                    | 45,654  |
| Administration   | 180,471          | 74,838     | 25,693                                     | 49,145  |
| Total Disbursements  | 587,437          | 613,197    | 518,398                                    | 94,799  |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | (75,000)         | (100,522)  | (31,884)                                   | 68,638  |
| <b>Other Adjustments to Cash (Uses)</b>  |                  |            |  |   |
| Transfers From Other Funds   |                  | 15,000     | 15,000                                     |   |
| Total Other Adjustments to Cash (Uses)   |                  | 15,000     | 15,000                                     |   |
| Net Change in Fund Balance   | (75,000)         | (85,522)   | (16,884)                                   | 68,638  |
| Fund Balance - Beginning   | 75,000           | 85,522     | 85,522                                     |   |
| Fund Balance - Ending  | \$ 0             | \$ 0       | \$ 68,638                                  | \$ 68,638   |

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

**June 30, 2022**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Excess of Disbursements Over Appropriations**

The general fund, debt service line-item, exceeded budgeted appropriations by \$3,234.

**ROCKCASTLE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 2022**

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**ROCKCASTLE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 2022**

| Federal Grantor/Pass-Through Grantor/<br>Program or Cluster Title       | Federal<br>Assistance<br>Listing Number | Pass-Through Entity's<br>Identifying Number | Provided to<br>Subrecipient | Total<br>Federal<br>Expenditures |
|---|---|---|-----------------------------|----------------------------------|
| <b><u>U. S. Department of Homeland Security</u></b>                     |   |   |                             |                                  |
| <i>Passed-Through Kentucky Department Military Affairs</i>              |   |   |                             |                                  |
| Chemical Stockpile Emergency Preparedness Program                       | 97.040                                  |   | \$                          | \$ 518,398                       |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036                                  |   |                             | <u>128,128</u>                   |
| <b><u>Total U. S. Department of Homeland Security</u></b>               |   |   |                             | <u><u>646,526</u></u>            |
| <b><u>U. S. Department of Housing and Urban Development</u></b>         |   |   |                             |                                  |
| <i>Passed-Through Kentucky Department For Local Government</i>          |   |   |                             |                                  |
| Appalachian Area Development  | 23.002                                  | 19-014                                      |                             | <u>450,000</u>                   |
| <b>Total U.S. Department of Housing and Urban Development</b>           |   |   |                             | <u><u>450,000</u></u>            |
| Total Expenditures of Federal Awards                                    |   |   | <u>\$ 0</u>                 | <u><u>\$ 1,096,526</u></u>       |

The accompanying notes are an integral part of this schedule.

**ROCKCASTLE COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2022**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Rockcastle County, Kentucky under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rockcastle County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rockcastle County, Kentucky.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

Rockcastle County has adopted an indirect cost rate and has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

**For The Year Ended June 30, 2022**

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

**For The Year Ended June 30, 2022**

The fiscal court reports the following Schedule of Capital Assets:

|                                     | Beginning<br>Balance     | Additions             | Deletions       | Ending<br>Balance        |
|-------------------------------------|--------------------------|-----------------------|-----------------|--------------------------|
| Land & Land Improvements            | \$ 1,087,776             | \$                    | \$              | \$ 1,087,776             |
| Buildings & Improvements (Restated) | 12,119,513               | 400,000               |                 | 12,519,513               |
| Vehicles and Equipment (Restated)   | 2,994,179                |                       |                 | 2,994,179                |
| Other Equipment (Restated)          | 3,721,577                | 10,000                |                 | 3,731,577                |
| Infrastructure (Restated)           | 10,014,231               | 296,225               |                 | 10,310,456               |
| <br>Total Capital Assets            | <br><u>\$ 29,937,276</u> | <br><u>\$ 706,225</u> | <br><u>\$ 0</u> | <br><u>\$ 30,643,501</u> |

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

**June 30, 2022**

**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<br/>Threshold</u> | <u>Useful Life<br/>(Years)</u> |
|--------------------------|-------------------------------------|--------------------------------|
| Land & Land Improvements | \$ 10,000                           | 10-75                          |
| Buildings & Improvements | \$ 10,000                           | 10-60                          |
| Vehicles and Equipment   | \$ 10,000                           | 10-25                          |
| Other Equipment          | \$ 10,000                           | 2-10                           |
| Infrastructure           | \$ 10,000                           | 10-60                          |

**Note 2. Prior Period Balance Restatement**

The prior year ending balance of Buildings and Improvements was decreased by \$3,200,000. Vehicles were increased by \$801,797, Other Equipment was increased by \$784,782, and Infrastructure was increased by \$699,130. These restatements are a result of corrections made by the county. The corrected prior year balances are reflected in the current year beginning balances.

**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**

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

**Independent Auditor's Report**

The Honorable Howell Holbrook, Jr., Rockcastle County Judge/Executive  
Members of the Rockcastle County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Rockcastle County Fiscal Court for the fiscal year ended June 30, 2022, and the related notes to the financial statement which collectively comprise the Rockcastle County Fiscal Court's financial statement and have issued our report thereon dated May 23, 2023.

**Internal Control Over Financial Reporting**

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

*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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.



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 Rockcastle County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002.

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

Rockcastle County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. 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,

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  
Frankfort, Ky

May 23, 2023



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

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

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

**Independent Auditor's Report**

The Honorable Howell Holbrook, Jr., Rockcastle County Judge/Executive  
Members of the Rockcastle County Fiscal Court

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited the Rockcastle County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Rockcastle County Fiscal Court's major federal programs for the year ended June 30, 2022. The Rockcastle County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Rockcastle County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Rockcastle County Fiscal Court and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rockcastle County Fiscal Court's compliance with the compliance requirements referred to above.



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

### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

**Report on Internal Control over Compliance (Continued)**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Respectfully submitted,

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Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

May 23, 2023

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**ROCKCASTLE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 2022**

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**ROCKCASTLE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 2022**

**Section I: Summary of Auditor's Results**

***Financial Statement***

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

Internal control over financial reporting:

|  |   |  |
|--|---|--|
| Are any material weaknesses identified?                        | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Are any significant deficiencies identified?                   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> None Reported |
| Are any noncompliances material to financial statements noted? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |

***Federal Awards***

Internal control over major programs:

|  |                              |   |
|--|------------------------------|---|
| Are any material weaknesses identified?  | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |
| Are any significant deficiencies identified?   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None Reported |
| Type of auditor's report issued on compliance for major federal programs: Unmodified                   |                              |   |
| Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |

Identification of major programs:

|                                  |   |
|----------------------------------|---|
| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u>         |
| 97.040                           | Chemical Stockpile Emergency Preparedness Program |

|  |                              |  |
|--|------------------------------|--|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000                    |  |
| Auditee qualified as a low-risk auditee?                                 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

**ROCKCASTLE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2022**  
**(Continued)**

**Section II: Financial Statement Findings**

**2022-001 The Rockcastle County Jailer Failed To Properly Reconcile The Commissary Account**

---

This is a repeat finding and was included in the prior year audit report as finding 2022-001. The jailer maintains a commissary account for inmate purchases. The bank reconciliation for this account did not properly reconcile the account to the ledgers.

The jailer did not ensure staff were properly trained in the preparation of bank reconciliations. The review procedures in place failed to detect the error.

The June 30, 2022 bank reconciliation did not agree to the June 30, 2022 year-end financial statement. Failure to reconcile all accounts accurately could result in misstatements. A misstatement could result in an increased risk of uncorrected errors, theft, loss or misappropriated assets.

Proper internal controls over reconciliations are important to ensure accurate records and financial reporting. In addition, KRS 68.210 required the state local finance officer to create a system of uniform accounts for all counties and county officials. The *DLG County Budget Preparation and State Local Finance Officer Policy Manual* requires monthly reconciliation of bank accounts under the minimum requirements for handling of public funds section.

We recommend the jailer improve controls over the jail commissary bank reconciliation to ensure the ending reconciled bank balance is accurate.

*Jailer's Response: I have started an Audit team and put in place to focus on all accounts.*

**2022-002 The Rockcastle County Jailer Lacks Internal Controls Over Inmate And Commissary Receipts**

---

This is a repeat finding and was included in the prior year report as finding 2021-002. The Jailer has responsibility for collecting certain monies, including monies from and for inmates of the jail and jail commissary receipts. The majority of monies collected at the jail are inmate monies. Most deposits to inmate accounts are completed through a kiosk system or via the internet. Deposit kiosks are maintained in the lobby and booking area of the jail. Individuals can deposit money into an inmate's account via the kiosk in the lobby or via the internet or funds possessed by inmates upon being incarcerated can be deposited via the kiosk in the booking area. The kiosk will print a receipt that can be retained by the person depositing the money. Jail staff do not retain receipts for any funds deposited into the kiosks. Deposits made via the kiosk system automatically update the inmate's ledger. Deposits for inmate monies received through the kiosk are made by the jailer and/or his staff. No report is processed when monies are removed from kiosks for deposit to allow for a reconciliation to compare the monies received via the kiosks to the bank deposit and the reports from the kiosks. Also, no daily checkout sheet procedures were performed to reconcile kiosk and manual receipts. No daily checkout sheets were completed or maintained for either the inmate or jail commissary accounts.

The Jailer did not have controls in place to ensure that staff knew the requirements and the Jailer did not monitor or review financial reports and data to make sure requirements were met for handling inmate and jail commissary funds.

When internal controls over receipts are not implemented or monitored to ensure the proper handling of funds, the risk of misappropriation of assets due to errors in financial reporting and/or theft of funds significantly increases.

**ROCKCASTLE COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2022**  
**(Continued)**

**Section II: Financial Statement Findings (Continued)**

2022-002 The Rockcastle County Jailer Lacks Internal Controls Over Inmate And Commissary Receipts  
 (Continued)

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The minimum requirements for handling public funds as stated in the Department for Local Government's County Budget Preparation and State Local Finance Officer Policy Manual requires that prenumbered receipt forms should be issued for all receipts. A copy of each receipt in sequential order should be attached to the daily checkout sheet. The daily checkout sheet should agree to the required daily deposit and receipts ledger. A monthly bank reconciliation should be completed and agreed to the underlying accounting records.

We recommend the Jailer implement internal controls to ensure that all forms of monies received at the Rockcastle County Detention Center are accounted for and reconciled appropriately as required by KRS 68.210. Daily checkout sheets for the jail commissary account and inmate account should be completed to support amounts collected at the jail. Daily deposits of jail commissary and inmate receipts should be completed.

*Jailer's Response: A Daily Checkout Sheet has been implemented along with an Audit team put in place to focus on correcting all issues.*

**Section III: Federal Award Findings And Questioned Costs**

None.

**Section IV: Summary Schedule of Prior Audit Findings**

| Finding<br>Number | Prior Year Finding Title  | Status     | Corrective Action   |
|-------------------|---|------------|---|
| 2021-001          | The Rockcastle County Jailer failed to properly reconcile the commissary account              | Unresolved | Jailer is putting together an Audit team in order to correct this finding and to prevent future findings. |
| 2021-002          | The Rockcastle County Jailer Lacks Internal Controls Over the Inmate and Commissary Receipts. | Unresolved | Jailer is putting together an Audit team in order to correct this finding and to prevent future findings. |
|                   |   |            |   |
|                   |   |            |   |
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**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM**

**ROCKCASTLE COUNTY FISCAL COURT**

**For The Year Ended June 30, 2022**

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CERTIFICATION OF COMPLIANCE

*LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM*

COUNTY FISCAL COURT

For The Year Ended June 30, 2022

The Rockcastle County Fiscal Court hereby certifies that assistance received from 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