

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

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



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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable John David Ogburn, Jr., Trimble County Judge/Executive
The Honorable Todd Pollock, Former Trimble County Judge/Executive
Members of the Trimble County Fiscal Court

The enclosed report prepared by Patrick & Associates, LLC, presents the financial statement of Trimble County, Kentucky, for the year ended June 30, 2022.

We engaged Patrick & Associates, LLC to perform the audit of this financial statement. We worked closely with the firm during our report review process; Patrick & Associates, LLC evaluated the Trimble County Fiscal Court's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

Enclosure



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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
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Finance and Administration Cabinet
The Honorable John David Ogburn, Jr., Trimble County Judge/Executive
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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 Trimble County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Trimble 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 Trimble 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 Trimble 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 Trimble County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Trimble 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 Trimble 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 Trimble County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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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 Trimble 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023, on our consideration of the Trimble 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 Trimble County Fiscal Court's internal control over financial reporting and compliance.

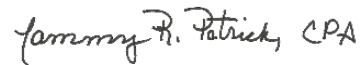
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Members of the Trimble County Fiscal Court

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

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

2022-001 Trimble County Fiscal Court Did Not Follow Competitive Bidding Requirements

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive, flowing style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

February 14, 2023

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

| | |
|---------------|------------------------|
| Todd Pollock | County Judge/Executive |
| Kenneth Green | Magistrate |
| Chris Liter | Magistrate |
| Kirby Melvin | Magistrate |
| JD Jones | Magistrate |

Other Elected Officials:

| | |
|---------------------|----------------------------------|
| Crystal Heinz | County Attorney |
| Bobby Temple | Jailer |
| Tina Browning | County Clerk |
| Stacy Bruner | Circuit Court Clerk |
| Charles Kelton | Sheriff |
| Jill Mahoney | Property Valuation Administrator |
| Frederica Congleton | Coroner |

Appointed Personnel:

| | |
|-------------------|--------------------------|
| Regina Rand | County Treasurer |
| Lisa Mosley | Deputy Judge |
| Bridgette Perkins | Administrative Assistant |
| Barry Sherrell | Road Supervisor |
| Susan Barnes | Fiscal Court Clerk |

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

For The Year Ended June 30, 2022

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

For The Year Ended June 30, 2022

| | Budgeted Funds | | | |
|--------------------------------------------------------------------------------------------------|-------------------------|----------------------|----------------------|------------------------------------------------------------------|
| | General Fund | Road Fund | Jail Fund | Local Government Economic Assistance Fund |
| RECEIPTS | | | | |
| Taxes | \$ 1,948,032 | \$ | \$ | \$ |
| Excess Fees | 73,676 | | | |
| Licenses and Permits | 846,010 | 945 | | |
| Intergovernmental | 93,582 | 883,103 | 83,021 | 59,000 |
| Charges for Services | 388,834 | | | |
| Miscellaneous | 400,014 | 275 | | 1,650 |
| Interest | 5,322 | 695 | | 18 |
| Total Receipts | <u>3,755,470</u> | <u>885,018</u> | <u>83,021</u> | <u>60,668</u> |
| DISBURSEMENTS | | | | |
| General Government | 864,953 | | | 283 |
| Protection to Persons and Property | 708,876 | | 292,762 | |
| General Health and Sanitation | 199,354 | 445 | | 29,500 |
| Social Services | 1,000 | | | 32,289 |
| Recreation and Culture | 53,507 | | | 77,835 |
| Roads | | 634,145 | | |
| Debt Service | | 72,324 | | |
| Administration | 1,077,129 | 90,032 | 27,393 | |
| Total Disbursements | <u>2,904,819</u> | <u>796,946</u> | <u>320,155</u> | <u>139,907</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>850,651</u> | <u>88,072</u> | <u>(237,134)</u> | <u>(79,239)</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Payroll Revolving Account | 66,638 | | | |
| Transfers From Other Funds | | | 256,000 | 110,927 |
| Transfers To Other Funds | (366,927) | | | |
| Total Other Adjustments to Cash (Uses) | <u>(300,289)</u> | | <u>256,000</u> | <u>110,927</u> |
| Net Change in Fund Balance | 550,362 | 88,072 | 18,866 | 31,688 |
| Fund Balance - Beginning (Restated) | <u>2,598,860</u> | <u>755,284</u> | <u>1,911</u> | <u>31,793</u> |
| Fund Balance - Ending | <u>\$ 3,149,222</u> | <u>\$ 843,356</u> | <u>\$ 20,777</u> | <u>\$ 63,481</u> |
| Composition of Fund Balance | | | | |
| Bank Balance | \$ 2,065,658 | \$ 844,637 | \$ 36,466 | \$ 66,871 |
| Payroll Revolving Account Balance | 66,638 | | | |
| Plus: Deposits In Transit | 450 | | | |
| Less: Outstanding Checks | (8,491) | (1,281) | (15,689) | (3,390) |
| Certificates of Deposit | <u>1,024,967</u> | | | |
| Fund Balance - Ending | <u>\$ 3,149,222</u> | <u>\$ 843,356</u> | <u>\$ 20,777</u> | <u>\$ 63,481</u> |

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

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

| Budgeted Funds | | |
|-----------------------------------------------------------|--------------------------------------------------|------------------------|
| Community Development Block Grant Fund | American Rescue Plan Act Fund | Total Funds |
| \$ | \$ | \$ 1,948,032 |
| | | 73,676 |
| | | 846,955 |
| 44,962 | | 1,163,668 |
| | | 388,834 |
| | | 401,939 |
| | 200 | 6,235 |
| 44,962 | 200 | 4,829,339 |
| | 768,950 | 1,634,186 |
| | | 1,001,638 |
| | | 229,299 |
| | | 33,289 |
| | | 131,342 |
| | | 634,145 |
| | | 72,324 |
| 42,644 | | 1,237,198 |
| 42,644 | 768,950 | 4,973,421 |
| 2,318 | (768,750) | (144,082) |
| | | 66,638 |
| | | 366,927 |
| | | (366,927) |
| | | 66,638 |
| 2,318 | (768,750) | (77,444) |
| 200 | 822,796 | 4,210,844 |
| \$ 2,518 | \$ 54,046 | \$ 4,133,400 |
| \$ 2,518 | \$ 54,046 | \$ 3,070,196 |
| | | 66,638 |
| | | 450 |
| | | (28,851) |
| | | 1,024,967 |
| \$ 2,518 | \$ 54,046 | \$ 4,133,400 |

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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**TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Community Development Block Grant Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are federal grants received under the Community Development Block Grant program.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are federal grants received under the American Recovery Plan Act.

D. Budgetary Information

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

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

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

E. Trimble County Elected Officials

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

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

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.

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*. On June 30, 2022, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$1,017,168

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2022.

| | General Fund | Total Transfers In |
|---------------------|-------------------|-----------------------|
| Jail Fund | \$ 256,000 | \$ 256,000 |
| LGEA Fund | 110,927 | 110,927 |
| Total Transfers Out | <u>\$ 366,927</u> | <u>\$ 366,927</u> |

TRIMBLE 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. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation - Road Equipment - 2020

On November 5, 2020, the fiscal court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$80,642 at a 3.36% fixed interest rate. The financing obligation was used to purchase road equipment. The agreement is secured by the equipment purchased. The maturity date of the obligation was November 20, 2025, however, the county paid off the financing obligation in August 2021. The balance of the financing obligation as of June 30, 2022 was \$0.

B. Changes In Long-term Debt

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--------------------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Direct Borrowings and Direct Placements | \$ 71,925 | \$ | \$ 71,925 | \$ | \$ |
| Total Long-term Debt | <u>\$ 71,925</u> | <u>\$ 0</u> | <u>\$ 71,925</u> | <u>\$ 0</u> | <u>\$ 0</u> |

Note 5. Commitments and Contingencies

The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 6. Employee Retirement System

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

The county's contribution for FY 2020 was \$346,196, FY 2021 \$345,983, and FY 2022 \$403,171

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.

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

Note 6. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the Ky. Ret. Sys. insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and 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 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 hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 44.33 percent.

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

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

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

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

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

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

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, they earn fifteen 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. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. 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 COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. 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.

E. 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.

F. 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.

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

Note 7. Deferred Compensation

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

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

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

Note 8. Health Reimbursement Account/Flexible Spending Account

The Trimble County Fiscal Court established a health reimbursement account (HRA) and a flexible spending account (FSA) on May 1, 2012, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plans. The HRA plan provides a debit card to each eligible employee providing \$1,500 or \$3,000, depending upon the type of insurance plan the employee has, each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds to the FSA through payroll deduction. The balances in the accounts as of June 30, 2022, were \$23,169 (HRA) and \$3,389 (FSA), respectively.

Note 9. Insurance

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

Note 10. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to a power plant for pollution control and the Trimble County Industrial Authority that is 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 Trimble 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, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

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

Note 11. Prior Period Adjustments

The prior year ending fund balance of the general fund has been decreased by \$110 to include prior year voided checks and an unrecorded transfer. The community development block grant fund was not presented in the prior year audit. The beginning balance was established with a \$200 transfer from the general fund. The beginning balance of the LGEA fund was increased by \$24,527 to include prior year voided checks.

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TRIMBLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

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TRIMBLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

| | GENERAL FUND | | | |
|--------------------------------------------------------------------------------------------------|---------------------|--------------|----------------------------------|----------------------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Taxes | \$ 1,702,200 | \$ 1,702,200 | \$ 1,948,032 | \$ 245,832 |
| Excess Fees | | | 73,676 | 73,676 |
| Licenses and Permits | 625,600 | 625,600 | 846,010 | 220,410 |
| Intergovernmental | 88,332 | 88,332 | 93,582 | 5,250 |
| Charges for Services | 260,000 | 260,000 | 388,834 | 128,834 |
| Miscellaneous | 374,500 | 374,500 | 400,014 | 25,514 |
| Interest | 4,000 | 4,000 | 5,322 | 1,322 |
| Total Receipts | 3,054,632 | 3,054,632 | 3,755,470 | 700,838 |
| DISBURSEMENTS | | | | |
| General Government | 865,608 | 1,009,707 | 864,953 | 144,754 |
| Protection to Persons and Property | 956,100 | 1,025,658 | 708,876 | 316,782 |
| General Health and Sanitation | 216,000 | 245,555 | 199,354 | 46,201 |
| Social Services | 18,000 | 18,000 | 1,000 | 17,000 |
| Recreation and Culture | 60,000 | 60,000 | 53,507 | 6,493 |
| Administration | 2,086,920 | 2,343,708 | 1,077,129 | 1,266,579 |
| Total Disbursements | 4,202,628 | 4,702,628 | 2,904,819 | 1,797,809 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (1,147,996) | (1,647,996) | 850,651 | 2,498,647 |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers To Other Funds | (488,085) | (488,085) | (366,927) | 121,158 |
| Total Other Adjustments to Cash (Uses) | (488,085) | (488,085) | (366,927) | 121,158 |
| Net Change in Fund Balance | (1,636,081) | (2,136,081) | 483,724 | 2,619,805 |
| Fund Balance - Beginning (Restated) | 1,636,081 | 2,136,081 | 2,598,860 | 462,779 |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 3,082,584 | \$ 3,082,584 |

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

| | ROAD FUND | | | |
|--------------------------------------------------------------------------------------------------|------------------|-----------|----------------------------------|----------------------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Licenses and Permits | \$ 1,000 | \$ 1,000 | \$ 945 | \$ (55) |
| Intergovernmental | 870,088 | 870,088 | 883,103 | 13,015 |
| Miscellaneous | 2,000 | 2,000 | 275 | (1,725) |
| Interest | 500 | 500 | 695 | 195 |
| Total Receipts | 873,588 | 873,588 | 885,018 | 11,430 |
| DISBURSEMENTS | | | | |
| General Government | | 1,000 | | 1,000 |
| General Health and Sanitation | 2,000 | 2,000 | 445 | 1,555 |
| Roads | 1,100,000 | 1,137,916 | 634,145 | 503,771 |
| Debt Service | 22,000 | 73,000 | 72,324 | 676 |
| Administration | 327,153 | 337,237 | 90,032 | 247,205 |
| Total Disbursements | 1,451,153 | 1,551,153 | 796,946 | 754,207 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (577,565) | (677,565) | 88,072 | 765,637 |
| Net Change in Fund Balance | (577,565) | (677,565) | 88,072 | 765,637 |
| Fund Balance - Beginning | 577,565 | 677,565 | 755,284 | 77,719 |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 843,356 | \$ 843,356 |

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

| | JAIL FUND | | | |
|--------------------------------------------------------------------------------------------------|------------------|-----------|----------------------------------|----------------------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Intergovernmental | \$ 82,200 | \$ 82,200 | \$ 83,021 | \$ 821 |
| Total Receipts | 82,200 | 82,200 | 83,021 | 821 |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | 312,430 | 326,430 | 292,762 | 33,668 |
| General Health and Sanitation | 500 | 500 | | 500 |
| Administration | 74,155 | 62,155 | 27,393 | 34,762 |
| Total Disbursements | 387,085 | 389,085 | 320,155 | 68,930 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (304,885) | (306,885) | (237,134) | 69,751 |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 304,085 | 304,085 | 256,000 | (48,085) |
| Total Other Adjustments to Cash (Uses) | 304,085 | 304,085 | 256,000 | (48,085) |
| Net Change in Fund Balance | (800) | (2,800) | 18,866 | 21,666 |
| Fund Balance - Beginning | 800 | 2,800 | 1,911 | (889) |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 20,777 | \$ 20,777 |

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

| LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND | | | | |
|--------------------------------------------------------------------------------------------------|------------------|-----------|--------------------------------------------|---------------------------------------------------------|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 5,000 | \$ 5,000 | \$ 59,000 | \$ 54,000 |
| Miscellaneous | 700 | 700 | 1,650 | 950 |
| Interest | | | 18 | 18 |
| Total Receipts | 5,700 | 5,700 | 60,668 | 54,968 |
| DISBURSEMENTS | | | | |
| General Government | 2,000 | 2,000 | 283 | 1,717 |
| General Health and Sanitation | 21,500 | 32,500 | 29,500 | 3,000 |
| Social Services | 23,700 | 37,242 | 32,289 | 4,953 |
| Recreation and Culture | 171,500 | 177,958 | 77,835 | 100,123 |
| Administration | 11,000 | | | |
| Total Disbursements | 229,700 | 249,700 | 139,907 | 109,793 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (224,000) | (244,000) | (79,239) | 164,761 |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | 184,000 | 184,000 | 110,927 | (73,073) |
| Total Other Adjustments to Cash (Uses) | 184,000 | 184,000 | 110,927 | (73,073) |
| Net Change in Fund Balance | (40,000) | (60,000) | 31,688 | 91,688 |
| Fund Balance - Beginning (Restated) | 40,000 | 60,000 | 31,793 | (28,207) |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 63,481 | \$ 63,481 |

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

| COMMUNITY DEVELOPMENT BLOCK GRANT FUND | | | | |
|--------------------------------------------------------------------------------------------------|------------------|------------|----------------------------------|----------------------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Intergovernmental | \$ | \$ 234,962 | \$ 44,962 | \$ (190,000) |
| Total Receipts | | 234,962 | 44,962 | (190,000) |
| DISBURSEMENTS | | | | |
| Administration | | 234,962 | 42,644 | 192,318 |
| Total Disbursements | | 234,962 | 42,644 | 192,318 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | | 2,318 | 2,318 |
| Net Change in Fund Balance | | | 2,318 | 2,318 |
| Fund Balance - Beginning (Restated) | | | 200 | 200 |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 2,518 | \$ 2,518 |

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

| | AMERICAN RESCUE PLAN ACT FUND | | | |
|--------------------------------------------------------------------------------------------------|-------------------------------|-----------|--------------------------------------------|---------------------------------------------------------|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Interest | \$ | \$ | \$ 200 | \$ 200 |
| Total Receipts | | | 200 | 200 |
| DISBURSEMENTS | | | | |
| General Government | | 822,796 | 768,950 | 53,846 |
| Total Disbursements | | 822,796 | 768,950 | 53,846 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | (822,796) | (768,750) | 54,046 |
| Net Change in Fund Balance | | (822,796) | (768,750) | 54,046 |
| Fund Balance - Beginning | | 822,796 | 822,796 | |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 54,046 | \$ 54,046 |

TRIMBLE 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. Reconciliation of the General Fund

| | |
|-----------------------------------------------------------|----------------------------|
| Other Adjustments to Cash (Uses) - Budgetary Basis | \$ (366,927) |
| Adjustment for Change in Payroll Revolving Account | <u>66,638</u> |
| Total Other Adjustments to Cash (Uses) - Regulatory Basis | <u>\$ (300,289)</u> |
| Fund Balance - Ending - Budgetary Basis | \$ 3,082,584 |
| Adjustment for Payroll Revolving Account Balance | <u>66,638</u> |
| Total Fund Balance - Ending - Regulatory Basis | <u><u>\$ 3,149,222</u></u> |

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TRIMBLE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2022

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TRIMBLE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity's Identifying Number | Provided to Subrecipient | Total Federal Expenditures |
|--------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------|-----------------------------|----------------------------------|
| <u>U. S. Department of Treasury</u> | | | | |
| <i>Direct Program:</i> | | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | | \$ | \$ 768,950 |
| Total U.S. Department of Treasury | | | | \$ 768,950 |
| <u>U. S. Department of Housing and Urban Development</u> | | | | |
| <i>Passed-Through Kentucky Department for Local Government</i> | | | | |
| Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 20-015 | \$ | \$ 32,459 |
| Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 20C-104 | | 10,185 |
| Total U.S. Department of Housing and Urban Development | | | | \$ 42,644 |
| <u>U. S. Department of Homeland Security</u> | | | | |
| <i>Direct Program:</i> | | | | |
| Homeland Security Grant Program | 97.067 | | \$ | \$ 12,100 |
| Total U.S. Department of Homeland Security | | | | \$ 12,100 |
| Total Expenditures of Federal Awards | | | \$ | \$ 823,694 |

The accompanying notes are an integral part of this schedule.

TRIMBLE 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 Trimble 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 Trimble County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Trimble 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

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

Note 4. Subrecipients

Trimble County Fiscal Court had no federal grant subrecipients during the fiscal year.

TRIMBLE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

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TRIMBLE 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:

| | Restated Beginning Balance | Additions | Deletions | Ending Balance |
|-----------------------|----------------------------------|-------------------|-------------|----------------------|
| Land | \$ 413,900 | \$ | \$ | \$ 413,900 |
| Land Improvements | 567,380 | | | 567,380 |
| Buildings | 1,672,745 | | | 1,672,745 |
| Building Improvements | 987,673 | | | 987,673 |
| Vehicles & Equipment | 2,366,065 | 183,111 | | 2,549,176 |
| Infrastructure | 4,670,187 | | | 4,670,187 |
| Total Capital Assets | <u>\$ 10,677,950</u> | <u>\$ 183,111</u> | <u>\$ 0</u> | <u>\$ 10,861,061</u> |

TRIMBLE 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.

| | Capitalization Threshold | Useful Life (Years) |
|-------------------------------------|-----------------------------|------------------------|
| Land Improvements | \$ 12,500 | 10-60 |
| Buildings and Building Improvements | \$ 25,000 | 10-75 |
| Equipment | \$ 2,500 | 3-25 |
| Vehicles | \$ 2,500 | 3-25 |
| Infrastructure | \$ 20,000 | 10-50 |

Note 2. Restated Beginning Balances

The county made corrections to their capital assets schedule that restated beginning balances by the following amounts:

Land decreased \$10,000
Land Improvements decreased \$5,625
Buildings increased \$2
Building Improvements decreased \$128,051
Vehicles & Equipment decreased \$421,289
Infrastructure decreased \$1,697,078

**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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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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 John David Ogburn, Jr., Trimble County Judge/Executive
The Honorable Todd Pollock, Former Trimble County Judge/Executive
Members of the Trimble 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 Trimble County Fiscal Court for the fiscal year ended June 30, 2022, and the related notes to the financial statement which collectively comprise the Trimble County Fiscal Court's financial statement and have issued our report thereon dated February 14, 2023.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Trimble 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001.

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)

Views of Responsible Official and Planned Corrective Action

Trimble County's views and planned corrective action for the finding identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive, flowing style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

February 14, 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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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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 John David Ogburn, Jr., Trimble County Judge/Executive
The Honorable Todd Pollock, Former Trimble County Judge/Executive
Members of the Trimble County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Trimble County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Trimble County Fiscal Court's major federal programs for the year ended June 30, 2022. The Trimble 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, Trimble 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 Trimble 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 Trimble County Fiscal Court's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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

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 Trimble 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 Trimble 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 Trimble 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 Trimble 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 Trimble County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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

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

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

Respectfully submitted,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

February 14, 2023

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TRIMBLE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2022

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TRIMBLE 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 checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are any significant deficiencies identified? | <input type="checkbox"/> Yes | <input checked="" 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 checked="" type="checkbox"/> Yes | <input 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 checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

Identification of major programs:

| | |
|----------------------------------|--------------------------------------------------------------|
| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
| 21.027 | COVID-19 – Coronavirus State and Local Fiscal Recovery Funds |

| | | |
|--------------------------------------------------------------------------|------------------------------|----------------------------------------|
| 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 |

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

Section II: Financial Statement Findings

Internal Control - Material Weakness/State Laws And Regulations

2022-001 Trimble County Fiscal Court Did Not Follow Competitive Bidding Requirements

At the October 21, 2021 Trimble County Fiscal Court meeting, the fiscal court agreed to contribute \$39,950 of ARPA funds toward a new generator for Trimble County Water District #1. The meeting minutes stated that the water district advertised and received sealed bids. The former county judge/executive asked the county attorney if the county needed to also obtain bids and the county attorney advised that the county should obtain their own bids if they would be purchasing the generator. The fiscal court proceeded with the generator purchase without obtaining bids. This was deemed an isolated instance since all other items tested required bidding were properly bid.

The fiscal court felt that the bid obtained by the water district would be sufficient.

As a result, the fiscal court was not in compliance with procurement laws and the county administrative code. In addition, competitive bidding ensures that the county procures materials and services at the best price available. By limiting competition, the county may not get this benefit.

KRS 424.260(1) states, in part, “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for: (a) materials; (b) supplies except perishable foods such as meat, poultry, fish, egg products, fresh vegetables and fresh fruits; (c) equipment; or (d) for contractual services other than professional; involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids.” The fiscal court’s administrative code sets the bid threshold at \$20,000.

Recipients of federal funds are expected to have procurement policies and procedures in place that comply with the procurement standards outlined in the Uniform Guidance. These standards are listed in 2 CFR section 200.318 through 200.327. These standards require federal grant expenditures be handled consistently with policy and procedures that apply uniformly to both federally financed and other activities.

We recommend the fiscal court follow bidding procedures as required by KRS 424.260 and the county administrative code. We also recommend the county follow procurement policies and procedures outlined in the Uniform Guidance 2 CFR section 200.318 through 200.327 when expending federal funds.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The county judge plans to amend the administrative code in upcoming fiscal court meeting in March 2023, which will in turn adopt a specific competitive bidding requirement.

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

Section III: Federal Award Findings And Questioned Costs

2022-001 Trimble County Fiscal Court Did Not Follow Competitive Bidding Requirements

Internal Control Over Compliance - Material Weakness/Noncompliance -Uniform Guidance

Federal Program: ALN 21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Award Number and Year: 2022

Name of Federal Agency: U.S. Department of Treasury

Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles

Type of Finding: Material Weakness

Amount of Questioned Costs: \$0

COVID Related: Yes

This is not a repeat finding.

See financial statement finding 2022-001.

Section IV: Summary Schedule of Prior Audit Findings

| Finding Number | Prior Year Finding Title | Status | Corrective Action |
|-------------------|--------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------|
| 2021-001 | The Trimble County Fiscal Court Did Not Follow Bidding Procedures Per State Law | Not Resolved | See Corrective Action for current finding 2022-001 |
| 2021-002 | The Trimble County Fiscal Court Failed To Report Accurate Information On The Fourth Quarter Financial Report | Resolved | |

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

TRIMBLE COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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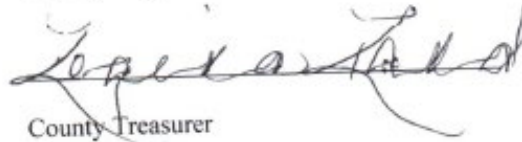
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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



County Judge/Executive



County Treasurer