

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

**For The Year Ended
June 30, 2017**



**MIKE HARMON
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT.....	1
BARREN COUNTY OFFICIALS	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS	6
NOTES TO FINANCIAL STATEMENT	10
BUDGETARY COMPARISON SCHEDULES	27
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES	35
SCHEDULE OF CAPITAL ASSETS	39
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - SCHEDULE OF CAPITAL ASSETS	40
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 <i>GOVERNMENT AUDITING STANDARDS</i>	43
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
The Honorable Micheal Hale, Barren County Judge/Executive
Members of the Barren County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Barren County Fiscal Court, for the year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Barren County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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



To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
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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 Barren County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Barren County Fiscal Court as of June 30, 2017, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Barren County Fiscal Court as of June 30, 2017, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Barren County Fiscal Court. The Budgetary Comparison Schedules and the Capital Asset Schedule 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.

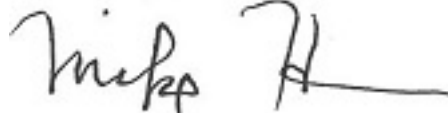
The accompanying Budgetary Comparison Schedules and the Capital Asset Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures 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 Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.

To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
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Members of the Barren County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2018, on our consideration of the Barren County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Barren County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

February 27, 2018

BARREN COUNTY OFFICIALS**For The Year Ended June 30, 2017****Fiscal Court Members:**

Micheal Hale	County Judge/Executive
John Benningfield	Magistrate
Trent Riddle	Magistrate
Carl H. Dickerson	Magistrate
Jack London	Magistrate
Gary Gillon	Magistrate
Charles R. Allen	Magistrate
Billy R. Houchens	Magistrate

Other Elected Officials:

Jeff Sharp	County Attorney
Matthew Mutter	Jailer
Joanne London	County Clerk
Krissie Fields	Circuit Court Clerk
Kent Keen	Sheriff
Brad Bailey	Property Valuation Administrator
Tim Gibson	Coroner

Appointed Personnel:

Denise Riddle	County Treasurer
Nancy Houchens	Deputy County Judge/Executive
Sherry Jones	Finance Officer/Fiscal Court Clerk

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

For The Year Ended June 30, 2017

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

For The Year Ended June 30, 2017

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 4,495,387	\$	\$	\$
In Lieu Tax Payments	109,029			
Licenses and Permits	193,162			
Intergovernmental	3,161,643	2,241,900	2,106,952	121,130
Charges for Services			167,677	
Miscellaneous	140,977	14,686	239,049	
Interest	13,781	32,040	2,004	86
Total Receipts	<u>8,113,979</u>	<u>2,288,626</u>	<u>2,515,682</u>	<u>121,216</u>
DISBURSEMENTS				
General Government	3,280,654			
Protection to Persons and Property	949,689		1,884,494	
General Health and Sanitation	761,590			
Social Services	100,682			
Recreation and Culture	624,731			
Roads		1,881,556		
Debt Service	312,003		8,787	
Capital Projects			2,175	
Administration	1,391,961	283,969	572,903	
Total Disbursements	<u>7,421,310</u>	<u>2,165,525</u>	<u>2,468,359</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>692,669</u>	<u>123,101</u>	<u>47,323</u>	<u>121,216</u>
Other Adjustments to Cash (Uses)				
Lease Proceeds			150,000	
Transfers From Other Funds	813,723	438,015	555,636	
Transfers To Other Funds	(1,281,478)	(628,977)	(663,084)	(121,913)
Total Other Adjustments to Cash (Uses)	<u>(467,755)</u>	<u>(190,962)</u>	<u>42,552</u>	<u>(121,913)</u>
Net Change in Fund Balance	224,914	(67,861)	89,875	(697)
Fund Balance - Beginning (Restated)	569,906	2,203,674	54,600	697
Fund Balance - Ending	<u>\$ 794,820</u>	<u>\$ 2,135,813</u>	<u>\$ 144,475</u>	<u>\$ 0</u>
Composition of Fund Balance				
Bank Balance	\$ 693,617	\$ 2,136,771	\$ 147,788	\$
Plus: Deposits In Transit				
Less: Outstanding Checks	(6,709)	(958)	(3,313)	
Cash Drawer				
Investments	107,912			
Fund Balance - Ending	<u>\$ 794,820</u>	<u>\$ 2,135,813</u>	<u>\$ 144,475</u>	<u>\$ 0</u>

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

BARREN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2017
(Continued)

<u>Budgeted Funds</u>				<u>Unbudgeted Funds</u>	
<u>Recreation Department Fund</u>	<u>Drug Forfeiture Fund</u>	<u>Hiseville Cemetery Fund</u>	<u>ABC Fund</u>	<u>Government Center 2009 Bond Fund</u>	<u>Correction Center 2010/2015 Bond Fund</u>
\$	\$	\$	\$	\$	\$
			1,400		13,041
14,573		6,575			
30,253	14,404	1,210			
159		1,484			120
<u>44,985</u>	<u>14,404</u>	<u>9,269</u>	<u>1,400</u>		<u>13,161</u>
	9,595				
		9,691			
83,000					
24,745				260,313	499,165
17,345	4,000	50			
<u>125,090</u>	<u>13,595</u>	<u>9,741</u>		<u>260,313</u>	<u>499,165</u>
<u>(80,105)</u>	<u>809</u>	<u>(472)</u>	<u>1,400</u>	<u>(260,313)</u>	<u>(486,004)</u>
75,000			22,685	260,313	486,124
	(713)				(119)
<u>75,000</u>	<u>(713)</u>		<u>22,685</u>	<u>260,313</u>	<u>486,005</u>
(5,105)	96	(472)	24,085		1
13,236	964	161,524			
<u>\$ 8,131</u>	<u>\$ 1,060</u>	<u>\$ 161,052</u>	<u>\$ 24,085</u>	<u>\$ 0</u>	<u>\$ 1</u>
\$ 8,867	\$ 1,487	\$ 34,596	\$ 24,085	\$	\$ 1
(736)	(427)				
		126,456			
<u>\$ 8,131</u>	<u>\$ 1,060</u>	<u>\$ 161,052</u>	<u>\$ 24,085</u>	<u>\$ 0</u>	<u>\$ 1</u>

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

BARREN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2017
(Continued)

	Unbudgeted Funds			Total Funds
	Glasgow/Barren			
	Public Properties Corporation Fund	County Public Library Corporation Fund	Jail Commissary Fund	
RECEIPTS				
Taxes	\$	\$	\$	\$ 4,495,387
In Lieu Tax Payments				109,029
Licenses and Permits				194,562
Intergovernmental	251,460	96,175	3,870	7,996,171
Charges for Services				188,825
Miscellaneous			346,470	787,049
Interest	17	7		49,698
Total Receipts	<u>251,477</u>	<u>96,182</u>	<u>350,340</u>	<u>13,820,721</u>
DISBURSEMENTS				
General Government				3,280,654
Protection to Persons and Property				2,843,778
General Health and Sanitation				761,590
Social Services				110,373
Recreation and Culture			279,643	987,374
Roads				1,881,556
Debt Service	327,220	96,175		1,528,408
Capital Projects				2,175
Administration	1,320			2,271,548
Total Disbursements	<u>328,540</u>	<u>96,175</u>	<u>279,643</u>	<u>13,667,456</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(77,063)</u>	<u>7</u>	<u>70,697</u>	<u>153,265</u>
Other Adjustments to Cash (Uses)				
Bond Proceeds				150,000
Transfers From Other Funds	76,960			2,728,456
Transfers To Other Funds	(16)		(32,156)	(2,728,456)
Total Other Adjustments to Cash (Uses)	<u>76,944</u>		<u>(32,156)</u>	<u>150,000</u>
Net Change in Fund Balance	(119)	7	38,541	303,265
Fund Balance - Beginning (Restated)	93,521	1	141,067	3,239,190
Fund Balance - Ending	<u>\$ 93,402</u>	<u>\$ 8</u>	<u>\$ 179,608</u>	<u>\$ 3,542,455</u>
Composition of Fund Balance				
Bank Balance	\$ 93,402	\$ 8	\$ 220,109	\$ 3,360,731
Plus: Deposits In Transit			1,828	1,828
Less: Outstanding Checks			(42,379)	(54,522)
Cash Drawer			50	50
Investments				234,368
Fund Balance - Ending	<u>\$ 93,402</u>	<u>\$ 8</u>	<u>\$ 179,608</u>	<u>\$ 3,542,455</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	10
NOTE 2.	DEPOSITS AND INVESTMENTS	13
NOTE 3.	TRANSFERS.....	16
NOTE 4.	LONG-TERM DEBT.....	16
NOTE 5.	EMPLOYEE RETIREMENT SYSTEM.....	21
NOTE 6.	DEFERRED COMPENSATION	24
NOTE 7.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT	24
NOTE 8.	INSURANCE.....	24
NOTE 9.	SUBSEQUENT EVENTS	24
NOTE 10.	PRIOR PERIOD ADJUSTMENT.....	24

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2017

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The Barren County Library Board would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis they are no longer are required components of the reporting entity.

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.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

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

Recreation Department Fund - The primary purpose of this fund is to account for the county's little league baseball/softball park system expenses. The primary sources of receipts for this fund are transfers from the general fund and fees charged at various baseball parks.

Drug Forfeiture Fund - The primary purpose of this fund is to account for the forfeiture of drug related funds. The primary sources of receipts for this fund are court ordered restitution and court awarded funds from drug related seizures.

Hiseville Cemetery Fund - The primary purpose of this fund is to account for expenses of the Hiseville Cemetery located in the county. The primary sources of receipts for this fund are perpetual care receipts and interest earned on investments.

ABC Fund - The primary purpose of this fund is to account for expenses directly related to the discontinuance of prohibition. The primary source of receipts for this fund is alcohol regulatory fees.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Government Center 2009 Bond Fund - The primary purpose of this fund is to account for debt service requirements of the general obligation bonds that were issued to fund the construction of the government center.

Correction Center 2010/2015 Bond Fund - The primary purpose of this fund is to account for debt service requirements of the general obligation bonds that were issued to fund the construction of the correction center.

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

Glasgow/Barren County Public Library Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of the Mary Wood Weldon Memorial Library.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1). The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

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

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

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

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

The state local finance officer does not require the government center 2009 bond fund, the correction center 2010/2015 bond fund, the Glasgow/Barren County public library corporation fund, and the public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from these funds annually.

E. Barren County Elected Officials

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

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

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 and Investments

A. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

B. Investments

As of June 30, 2017, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Cash Equivalents	\$ 110,373	\$ 110,373	\$	\$	\$
U.S. Treasury Mutual Funds	123,995	123,995			
Total Fund Balance	\$ 234,368	\$ 234,368	\$ 0	\$ 0	\$ 0

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$234,368 of investments in securities held by the counterparties' trust departments in the fiscal court's name.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities.
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency.
- 3) Obligations of any corporation of the United States Government.
- 4) 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 or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240.
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by nationally recognized rating agency.
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency.
- 7) Commercial paper rated in the highest category by a nationally recognized rating agency.
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency.
- 10) Shares of mutual funds, each of which shall have the following characteristics:
 - a) The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b) The management company of the investment company shall have been in operation for at least five years.
 - c) All of the securities in the mutual fund shall be eligible investments pursuant to this section.

The fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2017, the fiscal court does not have any investments in these categories.

The fiscal court's rated investments, as of June 30, 2017, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Credit Risk (Continued)

Type	Standard & Poor's/Moody's Credit Ratings					Unrated/NA	Cost Basis
	AAA/Aaa	AA/Aa	A	WR			
Cash Equivalents	\$	\$	\$	\$	\$	110,373	\$ 110,373
U.S. Treasury Mutual Funds						123,995	123,995
Total Fund Balance	\$	0 \$	0 \$	0 \$	0 \$	234,368	\$ 234,368

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The fiscal court does not have five percent or more of the fiscal court's investments invested in any single security.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. See table above for investments listed by type and duration.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The fiscal court's policy historically has been to invest only in securities in U.S. denominations.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2017.

	General Fund	Road Fund	Jail Fund	LGEA Fund	Drug Forfeiture Fund	Government Center 2009 Bond Fund	Correction Center 2010/2015 Bond Fund	Jail Commissary Fund	Total Transfers In
General Fund	\$	\$ 628,977	\$100,000	\$ 83,898	\$ 713	\$ 119	\$ 16	\$	\$ 813,723
Road Fund	400,000			38,015					438,015
Jail Fund	523,480							32,156	555,636
Recreation Department Fund	75,000								75,000
ABC Fund	22,685								22,685
Government Center 2009 Bond Fund	260,313								260,313
Correction Center 201/2015 Bond Fund			486,124						486,124
Public Properties Corporation Fund			76,960						76,960
Total Transfers Out	<u>\$1,281,478</u>	<u>\$ 628,977</u>	<u>\$663,084</u>	<u>\$121,913</u>	<u>\$ 713</u>	<u>\$ 119</u>	<u>\$ 16</u>	<u>\$ 32,156</u>	<u>\$ 2,728,456</u>

Reason for transfers:

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

Note 4. Long-term Debt

A. General Obligation Refunding Bonds, Series 2009 - Government Center

On September 23, 2009, the Barren County Fiscal Court issued \$2,300,000 of general obligation refunding bonds, series 2009, to defease the fiscal court's general obligation bonds, series 2000, whose purpose was to finance the construction of the courthouse annex facility (Government Center). The bonds mature serially through May 1, 2020, and require annual principal payments on May 1 starting on May 1, 2010 and semi-annual interest payments at rates ranging from 1 percent to 3.25 percent on May 1 and November 1 of each year. Bonds outstanding as of June 30, 2017, were \$735,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2018	\$ 235,000	\$ 23,413
2019	245,000	16,128
2020	255,000	8,288
Totals	<u>\$ 735,000</u>	<u>\$ 47,829</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Long-term Debt (Continued)

B. General Obligation Bonds, Series 2010B-Correction Center

On April 22, 2010, the Barren County Fiscal Court issued \$8,395,000 of taxable general obligation bonds (Build America Bonds), series 2010A. The bonds mature serially through April 1, 2040, and require annual principal payments on April 1 beginning April 1, 2012, and semi-annual interest payments April 1 and October 1 at varying interest rates from 1.6 percent to 5.75 percent. In addition, on April 22, 2010, the Barren County Fiscal Court also issued \$510,000 in taxable general obligation bonds (Recovery Zone Economic Development Bonds), series 2010B. The bonds require one principal payment on April 1, 2040, and semi-annual interest payments on April 1 and October 1 at an interest rate of 6.10 percent. These bonds were issued for the purpose of the acquisition, construction, and equipping of a new Barren County Corrections Center. The fiscal court expected to receive Build America subsidy payments and Recovery Zone interest subsidy payments from the United States Treasury to cover 35 percent to 45 percent, respectively, of the interest payments on the bonds. On April 1, 2015, the series 2010A bonds were refunded by General Obligation Bonds, series 2015 (see note 4 E). Bonds outstanding as of June 30, 2017, were \$510,000, the remaining series 2010B principal. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2018	\$	\$ 31,110
2019		31,110
2020		31,110
2021		31,110
2022		31,110
2023-2027		155,550
2028-2032		155,550
2033-2037		155,550
2038-2040	510,000	93,330
Totals	<u>\$ 510,000</u>	<u>\$ 715,530</u>

C. Barren County Public Properties Corporation Lease Revenue Refunding Bonds, Series 2007

On November 14, 2007, the Barren County Public Properties Corporation issued \$4,325,000 of lease refunding revenue bonds, series 2007, for the purpose of paying the costs associated with the refunding and refinancing of the fiscal court's mortgage revenue bonds, series 1998 used to renovate the Barren County Courthouse. The bonds mature through February 1, 2029, and require annual principal payments on February 1 starting on February 1, 2008, and semi-annual interest payments at 3.80 percent on February 1 and August 1 of each year. On November 14, 2007, the Barren County Public Properties Corporation issued \$4,325,000 of lease refunding revenue bonds, series 2007, for the purpose of paying the costs associated with the refunding and refinancing of the fiscal court's mortgage revenue bonds, series 1998 used to renovate the Barren County Courthouse. The bonds mature through February 1, 2029, and require annual principal payments on February 1 starting on February 1, 2008, and semi-annual interest payments at 3.80 percent on February 1 and August 1 of each year.

Although the fiscal court is obligated to pay the corporation annual rentals in the full amount of the principal and interest requirements of the bonds for each year the lease agreement is renewed, the fiscal court expects to receive payments for the use of the Barren County Courthouse from the Kentucky Judicial Branch, Administrative Office of the Courts (AOC). AOC will pay directly to the trustee a portion of the fiscal court's annual rental in the form of a use allowance. Bonds outstanding as of June 30, 2017, were \$2,465,000. Future principal and interest requirements are:

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Long-term Debt (Continued)

C. Barren County Public Properties Corporation Lease Revenue Refunding Bonds, Series 2007
(Continued)

Fiscal Year Ended June 30	Principal	Scheduled Interest
2018	\$ 235,000	\$ 93,670
2019	170,000	84,740
2020	170,000	78,280
2021	180,000	71,820
2022	185,000	64,980
2023-2027	1,050,000	212,990
2028-2029	475,000	27,170
Totals	<u>\$ 2,465,000</u>	<u>\$ 633,650</u>

D. Glasgow/Barren County Public Library Corporation Lease Revenue Bonds, Series 2008

On December 18, 2008, the Glasgow/Barren County Public Library Corporation issued \$1,245,000 of lease revenue bonds for the purpose of paying the costs associated with renovating and equipping the new library building. The bonds mature serially through December 1, 2033, and require annual principal payments on December 1 beginning December 1, 2009, and semi-annual interest payments on June 1 and December 1 at interest rates ranging from 3 percent to 6.25 percent.

Although the fiscal court and the City of Glasgow are obligated to pay the corporation annual rentals of 90 percent and 10 percent, respectively, of the full amount of the principal and interest requirements of the bonds for each year the lease agreement is renewed, the fiscal court and the City of Glasgow expect to receive payments for the use of the Mary Wood Weldon Memorial Library from the Barren County Library Board. The Barren County Library Board will pay directly to the trustee the annual rental of the fiscal court and the City of Glasgow in the form of a use allowance. Bonds outstanding as of June 30, 2017, were \$1,010,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2018	\$ 35,000	\$ 59,425
2019	40,000	57,550
2020	40,000	55,400
2021	40,000	53,100
2022	45,000	50,656
2023-2027	270,000	208,813
2028-2032	360,000	114,344
2033-2034	180,000	11,562
Totals	<u>\$ 1,010,000</u>	<u>\$ 610,850</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Long-term Debt (Continued)

E. General Obligation Refunding Bonds, Series 2015-Correction Center

On April 15, 2015, the Barren County Public Properties Corporation issued \$7,815,000 of general obligation refunding bonds, series 2015, for the purpose of paying the costs associated with the refunding and refinancing of the fiscal court's general obligation bonds, series 2010A used to construct the Barren County Corrections Center. The bonds mature through April 1, 2039, and require annual principal payments on April 1 starting on April 1, 2016, and semi-annual interest payments between the rates of 1 to 3.375 percent on October 1 and April 1 of each year. Bonds outstanding as of June 30, 2017, were \$7,300,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2018	\$ 255,000	\$ 210,505
2019	260,000	206,680
2020	265,000	201,480
2021	270,000	196,180
2022	270,000	190,780
2023-2027	1,465,000	852,450
2028-2032	1,690,000	622,750
2033-2037	1,955,000	344,521
2038-2039	870,000	44,381
Totals	<u>\$ 7,300,000</u>	<u>\$ 2,869,727</u>

F. EMS Building (Barren County #10)

On September 22, 2008, the Barren County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust for the construction of an EMS building. The principal was \$500,000 at a variable interest rate for a period of 20 years, with principal and interest paid monthly. The principal outstanding as of June 30, 2017, was \$337,653. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2018	\$ 23,090	\$ 14,228
2019	24,244	13,227
2020	25,455	12,198
2021	26,726	11,082
2022	28,062	9,927
2023-2027	162,791	30,193
2028-2029	47,285	1,849
Totals	<u>\$ 337,653</u>	<u>\$ 92,704</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Long-term Debt (Continued)

G. Fire Radio Upgrade (Barren County #11)

On October 1, 2009, the Barren County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust for the purpose of upgrading the fire department's radio system. The principal was \$276,910 at a variable interest rate for a period of 7 years and 7 months, with principal and interest paid monthly. The outstanding principal was paid and the debt was retired during fiscal year ended June 30, 2017.

H. Ballpark Lighting (Barren County #12)

On January 26, 2010, the Barren County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust for the purchase and installation of ballpark lighting. The principal was \$250,000 at a various interest rate for the period of 13 years and 6 months, with principal and interest paid monthly. The principal outstanding as of June 30, 2017, was \$130,405. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2018	\$ 19,270	\$ 5,448
2019	20,075	4,613
2020	20,914	3,748
2021	21,787	2,843
2022	22,698	1,901
2023-2024	<u>25,661</u>	<u>950</u>
Totals	<u>\$ 130,405</u>	<u>\$ 19,503</u>

I. Ambulance and Equipment (Barren County #15)

On September 14, 2011, the Barren County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust for the purchase of an ambulance and equipment for the ambulance district. The principal was \$232,300 at a variable interest rate with principal and interest paid monthly. The outstanding principal was paid and the debt was retired during fiscal year ended June 30, 2017.

J. County Attorney Building

On January 8, 2016, the Barren County Fiscal Court entered into a promissory note agreement with Betty R. Bailey for the purchase of a new county attorney building located at 200 West Main Street. The note is a five year note that bears interest at a rate of 3.5 percent, with a principal balance of \$110,000. The fiscal court has agreed to fixed equal installments of \$22,000 per year due each January 8th for five years, beginning January 8, 2017. The outstanding principal was paid and the debt was retired during fiscal year ended June 30, 2017.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Long-term Debt (Continued)

K. Body Scanner (Barren County #18)

On May 24, 2017, the Barren County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust for the purchase of a body scanner for use at the detention center. The principal was \$150,000 at a variable interest rate with principal and interest paid monthly. The principal outstanding as of June 30, 2017, was \$148,523. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2018	\$ 19,312	\$ 6,022
2019	20,001	5,177
2020	20,714	4,300
2021	21,453	3,393
2022	22,218	2,454
2023-2024	44,825	1,953
Totals	<u>\$ 148,523</u>	<u>\$ 23,299</u>

L. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 9,030,000	\$	\$ 485,000	\$ 8,545,000	\$ 490,000
Revenue Bonds	3,735,000		260,000	3,475,000	270,000
Financing Obligations	668,648	150,000	202,067	616,581	61,672
Total Long-term Debt	<u>\$ 13,433,648</u>	<u>\$ 150,000</u>	<u>\$ 947,067</u>	<u>\$12,636,581</u>	<u>\$ 821,672</u>

Note 5. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The county's contribution for FY 2015 was \$820,485, FY 2016 was \$817,322, and FY 2017 was \$840,383.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 5. Employee Retirement System (Continued)

Nonhazardous

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

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four 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 18.68 percent.

Hazardous

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

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent of their annual creditable compensation and also contribute one 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 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 seven and one-half percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 5. Employee Retirement System (Continued)

Hazardous (Continued)

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 31.06 percent.

Health Insurance Coverage

CERS also 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.

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

KRS also issues a proportionate share audit report that includes the total pension liability for CERS determined by actuarial valuation as well as each participating county's proportionate share. The Schedules of Employer Allocations and Pension Amounts by Employer report and the related actuarial tables are available online at <https://kyret.ky.gov/Employers/Resources/Pages/GASB.aspx>. 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.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 6. Deferred Compensation

The Barren 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 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 7. Health Reimbursement Account/Flexible Spending Account

The Barren County Fiscal Court established a flexible spending account on September 11, 1995, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee, providing up to \$2,550 for 2017 to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction. The balance of the plan is \$3,242.

Note 8. Insurance

For the fiscal year ended June 30, 2017, the Barren County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Subsequent Events

On August 23, 2017, the Barren County Public Properties Corporation issued lease revenue refunding bonds of \$2,250,000 to refinance the lease revenue refunding bonds, series 2007, the proceeds of which were used to refinance certain obligation previously issued by the corporation to finance the acquisition, renovation, and equipping of a court facility in the Barren County Courthouse. The principal is payable annually on June 30 and the final payment is due June 30, 2029. Interest is payable semi-annually on February 1 and August 1 of each year at a fixed rate of 4 percent.

Note 10. Prior Period Adjustment

The beginning fund balance reported on the *Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis* for the general fund has been restated by \$30,397. The restatement is due to the reconciled balance of the payroll revolving account as of June 30, 2016, being added to the general fund cash balance for financial reporting purposes.

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

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BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 4,260,000	\$ 4,557,892	\$ 4,495,387	\$ (62,505)
In Lieu Tax Payments	96,000	104,926	109,029	4,103
Licenses and Permits	163,500	183,069	193,162	10,093
Intergovernmental	2,919,200	3,095,810	3,161,643	65,833
Miscellaneous	150,900	189,209	140,977	(48,232)
Interest	5,300	12,500	13,781	1,281
Total Receipts	<u>7,594,900</u>	<u>8,143,406</u>	<u>8,113,979</u>	<u>(29,427)</u>
DISBURSEMENTS				
General Government	3,426,874	3,521,816	3,280,654	241,162
Protection to Persons and Property	1,010,571	1,091,435	949,689	141,746
General Health and Sanitation	826,106	839,850	761,590	78,260
Social Services	102,250	111,592	100,682	10,910
Recreation and Culture	627,200	630,137	624,731	5,406
Debt Service	485,450	574,463	312,003	262,460
Administration	1,513,465	1,890,860	1,391,961	498,899
Total Disbursements	<u>7,991,916</u>	<u>8,660,153</u>	<u>7,421,310</u>	<u>1,238,843</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(397,016)</u>	<u>(516,747)</u>	<u>692,669</u>	<u>1,209,416</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	341,071	369,774	813,723	443,949
Transfers To Other Funds	(742,941)	(765,626)	(1,281,478)	(515,852)
Total Other Adjustments to Cash (Uses)	<u>(401,870)</u>	<u>(395,852)</u>	<u>(467,755)</u>	<u>(71,903)</u>
Net Change in Fund Balance	(798,886)	(912,599)	224,914	1,137,513
Fund Balance - Beginning (Restated)	<u>798,886</u>	<u>798,886</u>	<u>569,906</u>	<u>(228,980)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (113,713)</u>	<u>\$ 794,820</u>	<u>\$ 908,533</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,739,281	\$ 2,275,075	\$ 2,241,900	\$ (33,175)
Miscellaneous	700	14,152	14,686	534
Interest	12,000	26,000	32,040	6,040
Total Receipts	<u>1,751,981</u>	<u>2,315,227</u>	<u>2,288,626</u>	<u>(26,601)</u>
DISBURSEMENTS				
Roads	2,207,500	2,889,480	1,881,556	1,007,924
Administration	317,700	1,338,460	283,969	1,054,491
Total Disbursements	<u>2,525,200</u>	<u>4,227,940</u>	<u>2,165,525</u>	<u>2,062,415</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(773,219)</u>	<u>(1,912,713)</u>	<u>123,101</u>	<u>2,035,814</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		38,015	438,015	400,000
Transfers To Other Funds	(201,071)	(228,977)	(628,977)	(400,000)
Total Other Adjustments to Cash (Uses)	<u>(201,071)</u>	<u>(190,962)</u>	<u>(190,962)</u>	
Net Change in Fund Balance	(974,290)	(2,103,675)	(67,861)	2,035,814
Fund Balance - Beginning	<u>974,290</u>	<u>2,203,675</u>	<u>2,203,674</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 2,135,813</u>	<u>\$ 2,035,813</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,717,600	\$ 2,128,631	\$ 2,106,952	\$ (21,679)
Charges for Services	129,000	164,336	167,677	3,341
Miscellaneous	297,700	377,481	239,049	(138,432)
Interest	25	1,685	2,004	319
Total Receipts	<u>2,144,325</u>	<u>2,672,133</u>	<u>2,515,682</u>	<u>(156,451)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,573,093	2,005,097	1,884,494	120,603
Debt Service	6,400	8,856	8,787	69
Capital Projects	500	2,175	2,175	
Administration	660,300	931,573	572,903	358,670
Total Disbursements	<u>2,240,293</u>	<u>2,947,701</u>	<u>2,468,359</u>	<u>479,342</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(95,968)</u>	<u>(275,568)</u>	<u>47,323</u>	<u>322,891</u>
Other Adjustments to Cash (Uses)				
Lease Proceeds		150,000	150,000	
Transfers From Other Funds	647,093	647,093	555,636	(91,457)
Transfers To Other Funds	(576,125)	(576,125)	(663,084)	(86,959)
Total Other Adjustments to Cash (Uses)	<u>70,968</u>	<u>220,968</u>	<u>42,552</u>	<u>(178,416)</u>
Net Change in Fund Balance	(25,000)	(54,600)	89,875	144,475
Fund Balance - Beginning	<u>25,000</u>	<u>54,600</u>	<u>54,600</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 144,475</u>	<u>\$ 144,475</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 140,000	\$ 178,015	\$ 121,130	\$ (56,885)
Interest		100	86	(14)
Total Receipts	<u>140,000</u>	<u>178,115</u>	<u>121,216</u>	<u>(56,899)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>140,000</u>	<u>178,115</u>	<u>121,216</u>	<u>(56,899)</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(140,000)</u>	<u>(178,812)</u>	<u>(121,913)</u>	<u>56,899</u>
Total Other Adjustments to Cash (Uses)	<u>(140,000)</u>	<u>(178,812)</u>	<u>(121,913)</u>	<u>56,899</u>
Net Change in Fund Balance		(697)	(697)	
Fund Balance - Beginning		<u>697</u>	<u>697</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	RECREATION DEPARTMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 6,500	\$ 17,572	\$ 14,573	\$ (2,999)
Miscellaneous	29,000	32,107	30,253	(1,854)
Interest		150	159	9
Total Receipts	<u>35,500</u>	<u>49,829</u>	<u>44,985</u>	<u>(4,844)</u>
DISBURSEMENTS				
Recreation and Culture	100,248	109,104	83,000	26,104
Debt Service	25,300	25,300	24,745	555
Administration	18,100	24,509	17,345	7,164
Total Disbursements	<u>143,648</u>	<u>158,913</u>	<u>125,090</u>	<u>33,823</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(108,148)</u>	<u>(109,084)</u>	<u>(80,105)</u>	<u>28,979</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	95,848	95,848	75,000	(20,848)
Total Other Adjustments to Cash (Uses)	<u>95,848</u>	<u>95,848</u>	<u>75,000</u>	<u>(20,848)</u>
Net Change in Fund Balance	(12,300)	(13,236)	(5,105)	8,131
Fund Balance - Beginning	<u>12,300</u>	<u>13,236</u>	<u>13,236</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,131</u>	<u>\$ 8,131</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	DRUG FORFEITURE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 1,000	\$ 19,735	\$ 14,404	\$ (5,331)
Total Receipts	<u>1,000</u>	<u>19,735</u>	<u>14,404</u>	<u>(5,331)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,000	10,468	9,595	873
Administration		9,518	4,000	5,518
Total Disbursements	<u>1,000</u>	<u>19,986</u>	<u>13,595</u>	<u>6,391</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(251)</u>	<u>809</u>	<u>1,060</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			<u>(713)</u>	<u>(713)</u>
Total Other Adjustments to Cash (Uses)			<u>(713)</u>	<u>(713)</u>
Net Change in Fund Balance		(251)	96	347
Fund Balance - Beginning		<u>964</u>	<u>964</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 713</u>	<u>\$ 1,060</u>	<u>\$ 347</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	HISEVILLE CEMETARY FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 5,500	\$ 6,720	\$ 6,575	\$ (145)
Miscellaneous		1,110	1,210	100
Interest		2,280	1,484	(796)
Total Receipts	<u>5,500</u>	<u>10,110</u>	<u>9,269</u>	<u>(841)</u>
DISBURSEMENTS				
Social Services	12,000	14,200	9,691	4,509
Administration		157,434	50	157,384
Total Disbursements	<u>12,000</u>	<u>171,634</u>	<u>9,741</u>	<u>161,893</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(6,500)</u>	<u>(161,524)</u>	<u>(472)</u>	<u>161,052</u>
Net Change in Fund Balance	(6,500)	(161,524)	(472)	161,052
Fund Balance - Beginning	<u>6,500</u>	<u>161,524</u>	<u>161,524</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 161,052</u>	<u>\$ 161,052</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	ABC FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	
	Original	Final		
RECEIPTS				
Licenses and Permits	\$		\$ 1,400	\$
Total Receipts		1,400	1,400	
DISBURSEMENTS				
Administration		24,085		24,085
Total Disbursements		24,085		24,085
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(22,685)	1,400	24,085
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		22,685	22,685	
Total Other Adjustments to Cash (Uses)		22,685	22,685	
Net Change in Fund Balance			24,085	24,085
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 24,085	\$ 24,085

BARREN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2017

Note 1. Budgetary Information

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

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

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

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BARREN COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

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BARREN COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 1,265,357	\$	\$	\$ 1,265,357
Buildings	20,230,385			20,230,385
Vehicles	1,888,103	319,278	108,254	2,099,127
Machinery and Equipment	2,358,251	189,195	31,750	2,515,696
Infrastructure	7,863,854	893,067		8,756,921
 Total Capital Assets	 <u>\$ 33,605,950</u>	 <u>\$ 1,401,540</u>	 <u>\$ 140,004</u>	 <u>\$34,867,486</u>

**BARREN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS**

June 30, 2017

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
Machinery and Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Micheal Hale, Barren County Judge/Executive
Members of the Barren County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Barren County Fiscal Court for the fiscal year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Barren County Fiscal Court's financial statement and have issued our report thereon dated February 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Barren County Fiscal Court's internal control over financial reporting (internal control) to determine 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 Barren County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Barren 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 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. 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. However, material weaknesses may exist that have not been identified.



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 Barren County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

February 27, 2018

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

BARREN COUNTY FISCAL COURT

For The Year Ended June 30, 2017

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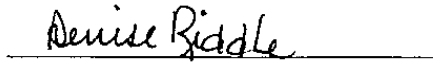
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
BARREN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2017

The Barren 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.

A handwritten signature in cursive script, appearing to read "Michael Hob", written over a horizontal line.

County Judge/Executive

A handwritten signature in cursive script, appearing to read "Denise Riddle", written over a horizontal line.

County Treasurer