

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

**For The Year Ended
June 30, 2020**



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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 Steve Tribble, Christian County Judge/Executive
Members of the Christian 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 Christian County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Christian County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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



To the People of Kentucky
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Christian 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 Christian County Fiscal Court as of June 30, 2020, 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 Christian County Fiscal Court as of June 30, 2020, 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.

Emphasis of Matters

As discussed in Note 11 to the financial statement, the entity has had significant transactions with businesses controlled by, and with people who are related to, the officers and directors of the entity. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

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

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Other Matters (Continued)

Supplementary and Other Information (Continued)

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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2021, on our consideration of the Christian 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 Christian County Fiscal Court's internal control over financial reporting and compliance.

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

2020-001 Jail Commissary Funds Should Not Be Used As A Donation To Private Institutions Or Create Personal Benefit

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

April 19, 2021

CHRISTIAN COUNTY OFFICIALS**For The Year Ended June 30, 2020****Fiscal Court Members:**

Steve Tribble	County Judge/Executive
Magaline Ferguson	Magistrate
Mark Wells	Magistrate
Mark Cansler	Magistrate
Darrell Gustafson	Magistrate
Rich Liebe	Magistrate
Phillip Peterson	Magistrate
Jerry Gilliam	Magistrate
Terry Bowman	Magistrate

Other Elected Officials:

John Soyars	County Attorney
Brad Boyd	Jailer
Mike Kem	County Clerk
Paige Parker	Circuit Court Clerk
Tyler DeArmond	Sheriff
Angie Strader	Property Valuation Administrator
Scott Daniel	Coroner

Appointed Personnel:

Walter Cummings	County Treasurer
Ruth Mason	Assistant County Treasurer
Kelly Finley	Chief Financial Officer

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

For The Year Ended June 30, 2020

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

For The Year Ended June 30, 2020

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 7,755,917	\$	\$	\$
In Lieu Tax Payments	211,044			
Excess Fees	457,320			
Licenses and Permits	122,396			
Intergovernmental	1,391,036	2,937,126	6,626,500	250,477
Charges for Services	268,377		175,405	
Miscellaneous	205,275	99,512	434,822	
Interest	193,518	8,358	14,548	1,834
Total Receipts	<u>10,604,883</u>	<u>3,044,996</u>	<u>7,251,275</u>	<u>252,311</u>
DISBURSEMENTS				
General Government	2,646,127			
Protection to Persons and Property	497,847		5,733,857	
General Health and Sanitation	589,754			
Social Services	141,751			
Recreation and Culture	1,153,155			
Roads		3,594,382		199,396
Airports	38,000			
Debt Service	21,495			
Capital Projects	813,786	86,300		
Administration	3,949,564	513,628	1,723,263	
Total Disbursements	<u>9,851,479</u>	<u>4,194,310</u>	<u>7,457,120</u>	<u>199,396</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>753,404</u>	<u>(1,149,314)</u>	<u>(205,845)</u>	<u>52,915</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	850,000	1,925,000		
Transfers To Other Funds	(2,798,919)	(783,094)	(287,843)	
Total Other Adjustments to Cash (Uses)	<u>(1,948,919)</u>	<u>1,141,906</u>	<u>(287,843)</u>	
Net Change in Fund Balance	(1,195,515)	(7,408)	(493,688)	52,915
Fund Balance - Beginning (Restated)	9,184,977	28,509	926,381	99,859
Fund Balance - Ending	<u>\$ 7,989,462</u>	<u>\$ 21,101</u>	<u>\$ 432,693</u>	<u>\$ 152,774</u>
Composition of Fund Balance				
Bank Balance	\$ 7,527,188	\$ 34,853	\$ 433,926	\$ 152,774
Plus: Deposits In Transit	925			
Less: Outstanding Checks	(1,497,118)	(13,752)	(1,233)	
Certificates of Deposit	1,958,467			
Fund Balance - Ending	<u>\$ 7,989,462</u>	<u>\$ 21,101</u>	<u>\$ 432,693</u>	<u>\$ 152,774</u>

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

CHRISTIAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2020
(Continued)

Budgeted Funds		Unbudgeted Funds			Internal Service Funds	
E-911 Fund	General Obligation Bond Fund	Industrial Development Authority Revolving Loan Fund	Public Courthouse Corporation Fund	Jail Commissary Fund	Total Funds	Health Insurance Fund
\$ 110,860	\$	\$	\$	\$	\$ 7,866,777	\$
					211,044	
					457,320	
					122,396	
357,893			1,379,372		12,942,404	
					443,782	
4,848		45,698		1,376,392	2,166,547	2,587,459
17,382	51	7,553	250	11,052	254,546	11,760
<u>490,983</u>	<u>51</u>	<u>53,251</u>	<u>1,379,622</u>	<u>1,387,444</u>	<u>24,464,816</u>	<u>2,599,219</u>
		25,000			2,671,127	
645,859					6,877,563	
					589,754	
					141,751	
				1,432,173	2,585,328	
					3,793,778	
					38,000	
	1,330,456		1,442,900		2,794,851	
					900,086	
	24	30	1,250		6,187,759	2,119,756
<u>645,859</u>	<u>1,330,480</u>	<u>25,030</u>	<u>1,444,150</u>	<u>1,432,173</u>	<u>26,579,997</u>	<u>2,119,756</u>
<u>(154,876)</u>	<u>(1,330,429)</u>	<u>28,221</u>	<u>(64,528)</u>	<u>(44,729)</u>	<u>(2,115,181)</u>	<u>479,463</u>
	1,394,856		64,518		4,234,374	
	(64,518)				(3,934,374)	(300,000)
	<u>1,330,338</u>		<u>64,518</u>		<u>300,000</u>	<u>(300,000)</u>
(154,876)	(91)	28,221	(10)	(44,729)	(1,815,181)	179,463
1,028,503	2,025	447,301	1,016	710,006	12,428,577	607,710
<u>\$ 873,627</u>	<u>\$ 1,934</u>	<u>\$ 475,522</u>	<u>\$ 1,006</u>	<u>\$ 665,277</u>	<u>\$ 10,613,396</u>	<u>\$ 787,173</u>
\$ 1,122,767	\$ 1,934	\$ 475,537	\$ 1,006	\$ 693,039	\$ 10,443,024	\$ 787,173
					925	
(249,140)		(15)		(27,762)	(1,789,020)	
					1,958,467	
<u>\$ 873,627</u>	<u>\$ 1,934</u>	<u>\$ 475,522</u>	<u>\$ 1,006</u>	<u>\$ 665,277</u>	<u>\$ 10,613,396</u>	<u>\$ 787,173</u>

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

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TO THE FINANCIAL STATEMENT**

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**CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(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.

E-911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund is the 911 telephone surcharge.

General Obligation Bond Fund - The purpose of this fund is to account for debt service requirements of the general obligation refunding bonds. The primary sources of receipts for this fund are transfers from other funds.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Industrial Development Authority Revolving Loan Fund - The primary purpose of this fund is to account for the activities of the Christian County Industrial Authority. Activity of this fund includes repayment of small business loans made by fund. On November 12, 2003, the Department for Local Government approved an ordinance allowing this activity.

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

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

Internal Service Fund

The fiscal court reports the following internal service fund:

Health Insurance Fund - The primary purpose of this fund is to account for contributions, claims, and fees for self-insured employee health insurance.

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.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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 public courthouse corporation fund or the industrial development authority revolving loan fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Christian County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 2. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2020.

	General Fund	Road Fund	Jail Fund	General Obligation Bond Fund	Health Insurance Fund	Total Transfers In
General Fund	\$	\$ 550,000	\$	\$	\$ 300,000	\$ 850,000
Road Fund	1,925,000					1,925,000
General Obligation Bond Fund	873,919	233,094	287,843			1,394,856
Public Courthouse Corporation				64,518		64,518
Total Transfers Out	<u>\$ 2,798,919</u>	<u>\$ 783,094</u>	<u>\$ 287,843</u>	<u>\$ 64,518</u>	<u>\$ 300,000</u>	<u>\$ 4,234,374</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. Custodial Funds

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2020, was \$137,867.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Receivables

- A. The county loaned \$250,000 to Hopkinsville Industrial Foundation, Inc., on June 1, 2019, for the purpose of making improvements to real estate. Terms of the agreement stipulate a ten-year repayment schedule at 1.5 percent interest. As of June 30, 2020, principal balance due was \$220,758.
- B. The county loaned \$300,000 to Hopkinsville Christian County Airport Board, on January 8, 2019, for the purpose of financing the construction of ten hangars at the Hopkinsville Christian County Airport. Terms of the agreement stipulate a twelve-year repayment schedule at 1.5 percent interest. As of June 30, 2020, the Hopkinsville Christian County Airport Board had failed to make the last quarterly payment per the payment schedule for fiscal year 2020, resulting in the principal balance due of \$288,002.
- C. The county loaned \$120,309 to Hopkinsville Carnegie Library, Inc., on May 12, 2015, for the purpose of financing certain real estate. Terms of the agreement stipulate the principal amount of the loan plus any interest accrued at a rate of 2 percent shall be payable, in full, on or before June 15, 2020. As of June 30, 2020, the principal balance had not been paid in full nor has the agreement been extended, resulting in the principal balance due of \$120,309.
- D. The county loaned \$15,000 to the New Horizon Scholar House of Hopkinsville, LLLP, on June 2, 2020, for the purpose of making improvements to real estate. Terms of the agreement stipulate a five-year repayment schedule at 3 percent interest. As of June 30, 2020, principal balance due was \$15,000.
- E. The county loaned \$10,000 to the New Horizon Scholar House of Hopkinsville, LLLP, on June 2, 2020, for the purpose of making improvements to real estate. Terms of the agreement stipulate that no principal or interest payments are due until September 1, 2025, in which the full principal amount is due. As of June 30, 2020, the principal balance due was \$10,000.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation - Sheriff's Vehicles - 2016

On April 6, 2016, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$152,855 at a 3.87 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The principal balance was paid in full on January 20, 2020. As of June 30, 2020, the remaining balance was \$0.

2. Financing Obligation - Sheriff's Vehicles - 2017

On March 8, 2017, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$255,255 at a 3.56 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. The maturity date of the obligation is January 20, 2021. The balance of the financing obligation at June 30, 2020, was \$66,291. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 66,291	\$ 2,362
Totals	\$ 66,291	\$ 2,362

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Financing Obligation - Sheriff's Vehicles - 2019

On February 21, 2019, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$146,776 at a 4.05 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. The maturity date of the obligation is January 20, 2023. The balance of the financing obligation at June 30, 2020, was \$111,867. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 35,960	\$ 4,530
2022	37,273	3,074
2023	38,634	1,565
Totals	<u>\$ 111,867</u>	<u>\$ 9,169</u>

4. Financing Obligation - Convention Center Lease

On March 19, 2019, the fiscal court entered into an agreement with the Kentucky Association of Counties Finance Corporation in the sum of \$981,000 at a 2 percent effective interest rate. The financing obligation was used for the construction of an addition at the convention center. The agreement is secured by the project. In the event of default, the project will be taken over by the corporation. The maturity date of the obligation is June 1, 2034. The balance of the financing obligation at June 30, 2020, was \$936,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 50,000	\$ 40,409
2022	50,000	37,784
2023	55,000	35,159
2024	55,000	32,272
2025	60,000	29,385
2026-2030	345,000	98,547
2031-2034	321,000	29,275
Totals	<u>\$ 936,000</u>	<u>\$ 302,831</u>

B. Other Debt

1. Christian County General Obligation Recovery Zone Economic Development and Refunding Bonds, Series 2010A

On June 1, 2010, the fiscal court issued Series 2010A Recovery Zone Economic Development Bonds in the amount of \$2,045,000. The Series 2010A bonds were issued for the purpose of road work to be performed on county roads. The Series 2010A bonds bear interest of 3.60 percent. The principal amount was paid in full on May 12, 2020. As of June 30, 2020, the remaining principal balance was \$0.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

2. Christian County General Obligation Recovery Zone Economic Development and Refunding Bonds, Series 2010B

On June 1, 2010, the fiscal court issued Series 2010B General Obligation Refunding Bonds in the amount of \$1,960,000. The Series 2010B bonds were issued for the purpose of refunding the General Obligation Bond, Series 1998. The Series 2010B bonds bear interest of 2.00 percent. The principal amount was paid in full on November 18, 2019. As of June 30, 2020, the remaining principal balance was \$0.

3. General Obligation Refunding Bonds, Series 2011

On November 30, 2011, the fiscal court issued General Obligation Refunding Bonds, Series 2011, in the amount of \$3,785,000. The proceeds were used to refinance financing obligations with the Kentucky Association of Counties Leasing Trust Program for the Energy Conservation Project in the amount of \$2,210,000 and the jail renovation in the amount of \$1,575,000. The bonds bear interest of 2.00 percent to 3.125 percent. The maturity date of the bonds is February 1, 2027. As of June 30, 2020, the balance of these bonds was \$1,085,000. Annual debt service requirements to maturity for the bonds are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 140,000	\$ 32,619
2022	145,000	28,769
2023	150,000	24,419
2024	155,000	19,919
2025	160,000	15,268
2026-2027	<u>335,000</u>	<u>15,781</u>
Totals	<u>\$ 1,085,000</u>	<u>\$ 136,775</u>

4. General Obligation Bonds, Series 2017

On December 28, 2017, the fiscal court issued General Obligation Bonds, Series 2017, in the amount of \$7,845,000. The proceeds were used to provide funds for the completion of a New Public Safety Building, Alhambra Theater Rehabilitation, Museum Rehabilitation, and Sportsplex Project. The bonds bear interest of 3.00 percent to 4.00 percent. The maturity date of the bonds is December 1, 2037. As of June 30, 2020, the balance of these bonds was \$7,845,000. Annual debt service requirements to maturity for the bonds are as follows:

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

4. General Obligation Bonds, Series 2017 (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$	\$ 258,700
2022		258,700
2023		258,700
2024		258,700
2025	365,000	251,400
2026-2030	2,510,000	980,000
2031-2035	2,965,000	528,375
2036-2038	2,005,000	91,425
Totals	<u>\$ 7,845,000</u>	<u>\$ 2,886,000</u>

5. General Obligation Bonds, Series 2018

On December 28, 2017, the fiscal court issued General Obligation Bonds, Series 2018, in the amount of \$2,545,000. The proceeds were used to provide funds for the remaining costs of completion of a New Public Safety Building, Alhambra Theater Rehabilitation, Museum Rehabilitation, and Sportsplex Project. The bonds bear interest of 2.00 percent. The maturity date of the bonds is December 1, 2024. As of June 30, 2020, the balance of these bonds was \$1,755,000. Annual debt service requirements to maturity for the bonds are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 405,000	\$ 31,050
2022	415,000	22,850
2023	425,000	14,450
2024	430,000	5,900
2025	80,000	800
Totals	<u>\$ 1,755,000</u>	<u>\$ 75,050</u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

6. Revenue Refunding Bonds, Series 2007

The Christian County Public Courthouse Corporation (Corporation) was established by the fiscal court to act as the agency and instrumentality of the fiscal court in acquiring, developing, and financing public improvements and public projects. The Corporation issued its Christian County Public Courthouse Corporation Lease Revenue Bonds (District Court Facility Project), Series 2000, dated November 1, 2000, (the Series 2000 Bonds) for the purpose of acquiring, constructing, and furnishing a court facility and the completion of the renovation and improvement of the Christian County Corrections Center located in Hopkinsville, Kentucky.

The Corporation adopted, at the direction of the fiscal court, a resolution authorizing the Series 2007 Bonds for the purpose of paying the costs associated with the refunding and refinancing of the Series 2000 Bonds.

The series 2007 bonds are secured by a foreclosable first mortgage lien on the district court facility project. The series 2007 bonds are also secured by the assignment of the Corporation of all its rights, title, and interest to a lease agreement with the fiscal court.

The series 2007 bonds in the amount of \$16,545,000 dated April 5, 2007, bear interest payable semi-annually on February 1 and August 1 of each year commencing August 1, 2007, at rates ranging from 3.50 percent to 4.00 percent. The Series 2007 Bonds mature on August 1 of each year, in the years and in the principal amounts shown below. As of June 30, 2020, the balance on these bonds was \$4,070,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 1,300,000	\$ 136,800
2022	1,360,000	83,600
2023	1,410,000	28,200
Totals	<u>\$ 4,070,000</u>	<u>\$ 248,600</u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Long-term Debt (Continued)

C. Aggregate Debt Schedule

The amounts of required principal and interest payments on long-term obligations at June 30, 2020, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 1,845,000	\$ 459,169	\$ 152,251	\$ 47,301
2022	1,920,000	393,919	87,273	40,858
2023	1,985,000	325,769	93,634	36,724
2024	585,000	284,519	55,000	32,272
2025	605,000	267,468	60,000	29,385
2026-2030	2,845,000	995,781	345,000	98,547
2031-2035	2,965,000	528,375	321,000	29,275
2036-2038	2,005,000	91,425		
	<u>\$ 14,755,000</u>	<u>\$ 3,346,425</u>	<u>\$ 1,114,158</u>	<u>\$ 314,362</u>

D. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 1,297,922	\$	\$ 183,764	\$ 1,114,158	\$ 152,251
General Obligation Bonds	11,670,000		985,000	10,685,000	545,000
Revenue Bonds	5,325,000		1,255,000	4,070,000	1,300,000
Total Long-term Debt	<u>\$ 18,292,922</u>	<u>\$ 0</u>	<u>\$ 2,423,764</u>	<u>\$15,869,158</u>	<u>\$ 1,997,251</u>

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (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 2018 was \$697,558 FY 2019 was \$789,996, and FY 2020 was \$945,564.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Employee Retirement System (Continued)

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 24.06 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

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

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

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

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Employee Retirement System (Continued)

KRS Annual Financial Report and Proportionate Share Audit Report

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

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

Note 8. Deferred Compensation

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

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

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

Note 9. Self-Health Insurance

Christian County Fiscal Court elected to begin a partially self-funded health insurance plan for fiscal year ended June 30, 1998. This partially self-funded insurance plan covers all county employees, and the county pays for each county employee's individual coverage. Christian County contracted with Anthem Blue Cross and Blue Shield to administer the employee benefit plan for the 2019-2020 fiscal year.

This partially self-funded insurance plan has two distinct components that the fiscal court must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Incurred fixed costs for fiscal year ending June 30, 2020, were \$460,478. The second component is the claims cost, all of which Christian County is responsible to pay as they incur. Once an individual exceeds \$85,000 in claims or the county's aggregate claims exceed the predetermined maximum, then the county will receive reimbursements from the reinsurance carrier. Incurred claims for fiscal year ended June 30, 2020, were \$1,603,786. Christian County Fiscal Court's contract with Anthem Blue Cross and Blue Shield has no terminal liability provision. The county would be responsible to pay all run-out claims after termination. The health insurance fund had a balance of \$787,173 as of June 30, 2020.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 10. Insurance

For the fiscal year ended June 30, 2020, the Christian County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Related Party Transactions

For the fiscal year ended June 30, 2020, the fiscal court engaged in a related party transaction that involved a company where the son of a magistrate works received \$2,373,739 for crushed stone and asphalt purchased by the fiscal court.

Note 12. Conduit Debt

From time to time, the county has issued bonds and notes to provide financial assistance to various organizations for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Christian 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, 2020, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 13. Tax Abatements

Pursuant to GASB Statement No. 77, Tax Abatement Disclosures, the fiscal court is required to disclose certain information about tax abatements as defined in the statement. GASB No. 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the county or its citizens.

The property tax was abated under the authority of Christian County Fiscal Court and the Hopkinsville Tax Increment Finance Development Authority. The organizations are eligible to receive this tax abatement due to new instruction within the boundaries of the marked development area. The taxes are abated by refunding any increment taxes collected over historical amounts. US Smokeless Tobacco Company, Drury-McCoy, LLC, and Thompson Thrift Development, Inc., have made the commitment of developing businesses within the development district footprint. For fiscal year ended June 30, 2020, the Christian County Fiscal Court abated property taxes in reference to the agreements above totaling \$132,097. As part of the tax abatement agreement, the Christian County Fiscal Court committed to the abatement of these taxes for ten years.

The Christian County Fiscal Court entered into additional tax abatement agreements to abate property taxes during fiscal year 2020. These organizations include: Downtown Development, Michael Venable, Kentucky Healthcare Holdings I, LLC, and Concord Villas, LLC. For fiscal year ended June 30, 2020, the amount of taxes abated in reference to the additional agreements entered into was \$0.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 14. Prior Period Adjustments

	General Fund	Jail Fund	General Obligation Bond Fund
Ending Cash Balance Prior Year	\$ 9,173,670	\$ 963,881	\$ 567
Adjustments:			
To include Animal Shelter Funds *	12,727		
Adjusting funds from General Fund to GO Bond Fund	(1,420)		1,420
Equipment Funds not in County's name Prior Year Adjustment		(37,500)	38
Beginning Fund Balance - Restated	<u>\$ 9,184,977</u>	<u>\$ 926,381</u>	<u>\$ 2,025</u>

* In prior years, the animal shelter was identified as an agency trust fund. As of June 30, 2020, the animal shelter funds are now part of the general fund and is treated as an off-site location.

Note 15. 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.

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

For The Year Ended June 30, 2020

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CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 7,818,000	\$ 7,818,000	\$ 7,755,917	\$ (62,083)
In Lieu Tax Payments	210,414	210,414	211,044	630
Excess Fees	550,000	550,000	457,320	(92,680)
Licenses and Permits	121,942	121,942	122,396	454
Intergovernmental	2,245,162	2,245,162	1,391,036	(854,126)
Charges for Services	257,500	257,500	268,377	10,877
Miscellaneous	97,733	97,733	205,275	107,542
Interest	289,575	289,575	193,518	(96,057)
Total Receipts	<u>11,590,326</u>	<u>11,590,326</u>	<u>10,604,883</u>	<u>(985,443)</u>
DISBURSEMENTS				
General Government	4,098,494	4,013,880	2,646,127	1,367,753
Protection to Persons and Property	686,327	717,523	497,847	219,676
General Health and Sanitation	631,564	662,064	589,754	72,310
Social Services	212,659	222,941	141,751	81,190
Recreation and Culture	1,117,704	1,168,647	1,153,155	15,492
Airports	38,000	38,000	38,000	
Debt Service			21,495	(21,495)
Capital Projects	1,368,000	868,000	813,786	54,214
Administration	4,203,125	4,034,449	3,949,564	84,885
Total Disbursements	<u>12,355,873</u>	<u>11,725,504</u>	<u>9,851,479</u>	<u>1,874,025</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(765,547)</u>	<u>(135,178)</u>	<u>753,404</u>	<u>888,582</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			850,000	850,000
Transfers To Other Funds	<u>(3,176,170)</u>	<u>(3,176,170)</u>	<u>(2,798,919)</u>	<u>377,251</u>
Total Other Adjustments to Cash (Uses)	<u>(3,176,170)</u>	<u>(3,176,170)</u>	<u>(1,948,919)</u>	<u>1,227,251</u>
Net Change in Fund Balance	(3,941,717)	(3,311,348)	(1,195,515)	2,115,833
Fund Balance - Beginning (Restated)	<u>3,941,717</u>	<u>3,941,717</u>	<u>9,184,977</u>	<u>5,243,260</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 630,369</u>	<u>\$ 7,989,462</u>	<u>\$ 7,359,093</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,312,231	\$ 2,312,231	\$ 2,937,126	\$ 624,895
Miscellaneous	17,798	17,798	99,512	81,714
Interest	6,575	6,575	8,358	1,783
Total Receipts	<u>2,336,604</u>	<u>2,336,604</u>	<u>3,044,996</u>	<u>708,392</u>
DISBURSEMENTS				
Roads	3,037,171	3,672,613	3,594,382	78,231
Capital Projects	72,000	86,300	86,300	
Administration	566,246	546,873	513,628	33,245
Total Disbursements	<u>3,675,417</u>	<u>4,305,786</u>	<u>4,194,310</u>	<u>111,476</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,338,813)</u>	<u>(1,969,182)</u>	<u>(1,149,314)</u>	<u>819,868</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,546,913	1,546,913	1,925,000	378,087
Transfers To Other Funds	(233,100)	(233,100)	(783,094)	(549,994)
Total Other Adjustments to Cash (Uses)	<u>1,313,813</u>	<u>1,313,813</u>	<u>1,141,906</u>	<u>(171,907)</u>
Net Change in Fund Balance	(25,000)	(655,369)	(7,408)	647,961
Fund Balance - Beginning	25,000	25,000	28,509	3,509
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (630,369)</u>	<u>\$ 21,101</u>	<u>\$ 651,470</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 6,515,337	\$ 6,515,337	\$ 6,626,500	\$ 111,163
Charges for Services	555,000	555,000	175,405	(379,595)
Miscellaneous	219,000	219,000	434,822	215,822
Interest	10,000	10,000	14,548	4,548
Total Receipts	<u>7,299,337</u>	<u>7,299,337</u>	<u>7,251,275</u>	<u>(48,062)</u>
DISBURSEMENTS				
Protection to Persons and Property Administration	6,143,308	6,198,149	5,733,857	464,292
	<u>1,922,398</u>	<u>1,867,557</u>	<u>1,723,263</u>	<u>144,294</u>
Total Disbursements	<u>8,065,706</u>	<u>8,065,706</u>	<u>7,457,120</u>	<u>608,586</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(766,369)</u>	<u>(766,369)</u>	<u>(205,845)</u>	<u>560,524</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	755,336	755,336		(755,336)
Transfers To Other Funds	<u>(288,967)</u>	<u>(288,967)</u>	<u>(287,843)</u>	<u>1,124</u>
Total Other Adjustments to Cash (Uses)	<u>466,369</u>	<u>466,369</u>	<u>(287,843)</u>	<u>(754,212)</u>
Net Change in Fund Balance	(300,000)	(300,000)	(493,688)	(193,688)
Fund Balance - Beginning (Restated)	<u>300,000</u>	<u>300,000</u>	<u>926,381</u>	<u>626,381</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 432,693</u>	<u>\$ 432,693</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 175,250	\$ 175,250	\$ 250,477	\$ 75,227
Interest	1,950	1,950	1,834	(116)
Total Receipts	<u>177,200</u>	<u>177,200</u>	<u>252,311</u>	<u>75,111</u>
DISBURSEMENTS				
Roads	<u>202,200</u>	<u>202,200</u>	<u>199,396</u>	<u>2,804</u>
Total Disbursements	<u>202,200</u>	<u>202,200</u>	<u>199,396</u>	<u>2,804</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>52,915</u>	<u>77,915</u>
Net Change in Fund Balance	(25,000)	(25,000)	52,915	77,915
Fund Balance - Beginning	<u>25,000</u>	<u>25,000</u>	<u>99,859</u>	<u>74,859</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 152,774</u>	<u>\$ 152,774</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	E-911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 117,100	\$ 117,100	\$ 110,860	\$ (6,240)
Intergovernmental	343,500	343,500	357,893	14,393
Miscellaneous			4,848	4,848
Interest	19,400	19,400	17,382	(2,018)
Total Receipts	<u>480,000</u>	<u>480,000</u>	<u>490,983</u>	<u>10,983</u>
DISBURSEMENTS				
Protection to Persons and Property	1,168,350	1,174,664	645,859	528,805
Administration	10,000	3,686		3,686
Total Disbursements	<u>1,178,350</u>	<u>1,178,350</u>	<u>645,859</u>	<u>532,491</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(698,350)</u>	<u>(698,350)</u>	<u>(154,876)</u>	<u>543,474</u>
Net Change in Fund Balance	(698,350)	(698,350)	(154,876)	543,474
Fund Balance - Beginning	<u>698,350</u>	<u>698,350</u>	<u>1,028,503</u>	<u>330,153</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 873,627</u>	<u>\$ 873,627</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	GENERAL OBLIGATION BOND FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 51	\$ 51
Total Receipts			51	51
DISBURSEMENTS				
Debt Service	1,395,988	1,395,988	1,330,456	65,532
Administration			24	(24)
Total Disbursements	1,395,988	1,395,988	1,330,480	65,508
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,395,988)	(1,395,988)	(1,330,429)	65,559
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,395,988	1,395,988	1,394,856	(1,132)
Transfers To Other Funds			(64,518)	(64,518)
Total Other Adjustments to Cash (Uses)	1,395,988	1,395,988	1,330,338	(65,650)
Net Change in Fund Balance			(91)	(91)
Fund Balance - Beginning (Restated)			2,025	2,025
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,934	\$ 1,934

CHRISTIAN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2020

Note 1. Budgetary Information

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

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

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

Note 2. Excess of Disbursements Over Appropriations

General fund, debt service line item, and general obligation bond fund, administration line item, exceeded budgeted appropriations by \$21,495 and \$24, respectively.

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**CHRISTIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2020

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CHRISTIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Treasury</u>				
<i>Passed-Through State Department for Local Government</i>				
COVID-19 - Coronavirus Relief Fund - Elections	21.019	2100000049	\$	\$ 7,680
COVID-19 - Coronavirus Relief Fund	21.019	2100000049		<u>1,592,908</u>
Total U.S. Department of Treasury				<u><u>1,600,588</u></u>
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed-Through State Department for Local Government</i>				
Community Development Block Grant/State's Program	14.228	15-062	\$	\$ 91,792
CDBG - Trilogly Recovery Center for Women	14.228	2000001218		10,000
CDBG - Trilogly Recovery Center for Women	14.228	2000001218		<u>190,000</u>
Total U.S. Department of Housing and Urban Development				<u><u>291,792</u></u>
<u>U. S. Department of Justice</u>				
<i>Passed-Through State Department of Justice</i>				
Edward Byrne Justice Assistance Grant	16.738	632	\$	\$ 13,960
Crime Victims Assistance	16.575	111		63,202
Violence Against Women Formula Grants	16.588	668		<u>75,421</u>
Total U.S. Department of Justice				<u><u>152,583</u></u>
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Military Affairs:</i>				
Emergency Management Performance Grants	97.042	2000000513	\$	\$ 55,184
Total U.S. Department of Homeland Securities				<u><u>55,184</u></u>
Total Expenditures of Federal Awards			\$ 0	<u><u>\$2,100,147</u></u>

The accompanying notes are an integral part of this schedule.

CHRISTIAN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Christian County, Kentucky under programs of the federal government for the year ended June 30, 2020. 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 Christian County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Christian 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

Christian 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.

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

For The Year Ended June 30, 2020

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CHRISTIAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,602,048	\$ 229,173	\$	\$ 2,831,221
Construction In Progress	422,893	106,426		529,319
Land Improvements	173,925			173,925
Buildings and Building Improvements	47,979,817	71,560		48,051,377
Vehicles and Equipment	7,045,766	452,782	496,832	7,001,716
Furniture and Office Equipment	1,507,829	7,100		1,514,929
Infrastructure	27,463,701	2,194,956		29,658,657
 Total Capital Assets	 <u>\$ 87,195,979</u>	 <u>\$ 3,061,997</u>	 <u>\$ 496,832</u>	 <u>\$ 89,761,144</u>

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

June 30, 2020

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	10-60
Buildings and Building Improvements	\$ 50,000	10-75
Vehicles & Equipment	\$ 5,000	3-25
Furniture & Office Equipment	\$ 5,000	8-20
Infrastructure	\$ 25,000	10-50

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive
Members of the Christian 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 Christian County Fiscal Court for the fiscal year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Christian County Fiscal Court's financial statement and have issued our report thereon dated April 19, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain a deficiency in internal control, which is described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency as item 2020-001.



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)

Compliance and Other Matters

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

Views of Responsible Officials and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

April 19, 2021

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive
Members of the Christian County Fiscal Court

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

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Christian County Fiscal Court's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Christian County Fiscal Court's major federal programs for the year ended June 30, 2020. The Christian 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Christian County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Christian County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Christian County Fiscal Court's compliance.



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

Opinion on Each Major Federal Program

In our opinion, the Christian County Fiscal Court complied, in all material respects, with the types of 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, 2020.

Report on Internal Control over Compliance

Management of the Christian County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Christian County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Christian County Fiscal Court's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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,



Mike Harmon
Auditor of Public Accounts

April 19, 2021

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

For The Year Ended June 30, 2020

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

For The Year Ended June 30, 2020

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 – Coronavirus Relief Fund

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

**CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)**

Section II: Financial Statement Findings

Internal Control - Significant Deficiency

2020-001 Jail Commissary Funds Should Not Be Used As A Donation To Private Institutions Or Create Personal Benefit

During testing of jail commissary expenditures we noted a payment to a local private school for a basketball fundraiser of which an immediate family member of the jailer was a beneficiary. The \$1,200 payment was for the purchase of 240 boxes of snack cakes. The cost of each box was \$5. The same items could be purchased at local variety stores for approximately \$2 per box, which would have cost the jail commissary about \$480. The jailer authorized this purchase.

According to the jailer, he was unaware that the purchase of the snack cakes at an inflated price caused the purchase to essentially be a donation to the private school, which is prohibited by Section 177 of the Kentucky Constitution and not a proper use of commissary profit as prescribed by KRS 441.135. Internal controls weren't effective in preventing the jailer or staff from spending commissary funds on a donation.

The inflated purchase price of the transaction effectively removed \$720 from commissary funds that could have been used for the benefit and safety of prisoners and created an inappropriate donation to a private school, which reduced the personal expenses of the student/parent who was participating in the fund raiser.

KRS 441.135 states, "(1) The jailer may maintain a canteen for the benefit of prisoners lodged in the jail and may assign such jail employees and prisoners to operate the canteen as are necessary for efficient operation. (2) All profits from the canteen shall be used: (a) For the benefit and to enhance the well-being of the prisoners; or (b) To enhance safety and security within the jail. (3) Allowable expenditures from a canteen account shall include but not be limited to recreational, vocational, and medical purposes."

Additionally, the Christian County Ethics Code prohibits transactions that create personal benefit by stating, "II. A. No county government officer...shall...engage in any...transaction...which is in substantial conflict with the proper discharge of his duties in the public interest. B. No county government officer...shall use or attempt to use his official position to secure unwarranted privileges or advantages for himself or others."

The Kentucky Constitution, Section 177 states, "[t]he credit of the Commonwealth shall not be given, pledged or loaned to any individual, company, corporation or association, municipality, or political subdivision of the State; nor shall the Commonwealth become an owner or stockholder in, nor make donation to, any company, association or corporation[.]" Christian County is a political subdivision of the Commonwealth, and as such is bound to the provisions in Section 177 of the Constitution. Additionally, *The County Budget Preparation and State Local Finance Officer Policy Manual* issued by the Department for Local Government (DLG), prohibits donations, by stating, "[n]o bonuses, no prepayment for goods or services, and no contributions."

Effective internal controls require management to understand and follow all guidance concerning the jail commissary funds in order to prevent inappropriate use.

We recommend the jailer refrain from making inflated purchases that create donations to private entities, and ensure that commissary profit is only used for the benefit for the inmates. The jailer should also abstain from actions that appear to be in violation of the Christian County Ethics Code. This matter will be referred to the Christian County Ethics Commission.

**CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)**

Section II: Financial Statement Findings (Continued)

Internal Control - Significant Deficiency (Continued)

2020-001 Jail Commissary Funds Should Not Be Used As A Donation To Private Institutions Or Create Personal Benefit (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Please see Jailer's response.

Jailer's Response: The Christian County Jail will refrain from purchasing snack cakes from local fundraisers.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

Fiscal Year	Finding Number	Finding	CFDA (If Applicable)	Questioned Costs (If Applicable)	Fiscal Year Finding Initially Occurred	Status (Resolved, Partially Resolved, Unresolved)	Agency Response and Comment
2019	2019-001	The Fiscal Court Is Not Using Purchase Orders Correctly	N/A	N/A	2019	Partially Resolved	The finance officer administers the purchase order system. Purchase orders are now required for all purchases in accordance with standards required by the Department for Local Government.
2019	2019-002	The Christian County Jail Lacks Segregation Of Duties Over Jail Commissary And Inmate Accounts	N/A	N/A	2019	Resolved	The Christian County Jail has reviewed staff duties with regard to jail commissary and inmate accounts. Current staffing makes it challenging to provide for complete segregation of duties. Staff has worked to strengthen compensating controls to provide additional review and approval.
2019	2019-003	The Christian County Fiscal Court Did Not Properly Disburse All Restricted CMRS Funds And Local Landline Taxes	N/A	N/A	2019	Resolved	The county has remitted \$137,737 of E911 CMRS Funds to the ECC. Christian County transferred payments made to the volunteer fire departments from the general fund to the E911 fee fund. Christian County has also complied with the requirement to transfer 100% of CMRS funds received to the local PSAP.

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

CHRISTIAN COUNTY FISCAL COURT


For The Year Ended June 30, 2020

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
CHRISTIAN COUNTY FISCAL COURT

For The Year Ended June 30, 2020

The Christian 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