

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

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



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Ricky L. Craig, Clinton County Judge/Executive
Members of the Clinton 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 Clinton County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Clinton 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.



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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 Clinton 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 Clinton 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 Clinton 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.

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 Clinton County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

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

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

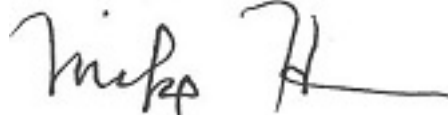
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2021, on our consideration of the Clinton 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 Clinton County Fiscal Court's internal control over financial reporting and compliance.

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

- 2020-001 The Clinton County Fiscal Court Did Not Have Sufficient Internal Controls Over Credit Card Disbursements
- 2020-002 The Clinton County Fiscal Court Was In Noncompliance And Did Not Have Adequate Internal Controls Over The Local Government Economic Assistance (LGEA) Fund
- 2020-003 The Jailer Did Not Have Adequate Controls Over Jail Commissary Disbursements
- 2020-004 The Jailer Lacks Adequate Segregation Of Duties Over Accounting Functions Of The Jail Commissary Fund And Jail Inmate Account

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

April 1, 2021

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

Ricky L. Craig	County Judge/Executive
Johnny Russell	Magistrate
Ray Marcum	Magistrate
Terry Buster	Magistrate
Gary Ferguson	Magistrate
Jerry Lowhorn	Magistrate
Mickey Riddle	Magistrate

Other Elected Officials:

Michael Rains	County Attorney
Tracy Thurman	Jailer
Nathan Collins	County Clerk
Jake Staton	Circuit Court Clerk
Jeff Vincent	Sheriff
Pat Campbell	Property Valuation Administrator
Steve Talbott	Coroner

Appointed Personnel:

Cindy Thrasher	County Treasurer
Virginia Conner	Chief Financial Officer

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

For The Year Ended June 30, 2020

CLINTON 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
RECEIPTS			
Taxes	\$ 401,210	\$	\$
In Lieu Tax Payments	159,259		
Excess Fees	53,707		
Licenses and Permits	29,302		
Intergovernmental	127,129	1,530,929	120,481
Charges for Services	20,454		1,582
Miscellaneous	79,945	4,881	1,402
Interest	71	598	20
Total Receipts	<u>871,077</u>	<u>1,536,408</u>	<u>123,485</u>
DISBURSEMENTS			
General Government	582,646	21,600	
Protection to Persons and Property	5,034		512,301
General Health and Sanitation	134,721		
Social Services			
Recreation and Culture			
Roads		1,052,869	
Debt Service			
Administration	607,305	227,819	149,972
Total Disbursements	<u>1,329,706</u>	<u>1,302,288</u>	<u>662,273</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(458,629)</u>	<u>234,120</u>	<u>(538,788)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	608,253	41,371	506,541
Transfers To Other Funds	(197,742)	(41,371)	(6,329)
Total Other Adjustments to Cash (Uses)	<u>410,511</u>	<u></u>	<u>500,212</u>
Net Change in Fund Balance	(48,118)	234,120	(38,576)
Fund Balance - Beginning (Restated)	90,779	332,141	38,976
Fund Balance - Ending	<u>\$ 42,661</u>	<u>\$ 566,261</u>	<u>\$ 400</u>
Composition of Fund Balance			
Bank Balance	\$ 52,772	\$ 567,589	\$ 16,596
Plus: Deposits In Transit			
Less: Outstanding Checks	(10,111)	(1,328)	(16,196)
Fund Balance - Ending	<u>\$ 42,661</u>	<u>\$ 566,261</u>	<u>\$ 400</u>

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

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

Budgeted Funds						
Local Government Economic Assistance Fund	Disaster and Emergency Services Fund	Ambulance Fund	Forestry Fund	Occupational Tax Fund	911 Fund	USDA Fund
\$	\$	\$	\$ 891	\$ 1,507,651	\$ 282,859	\$
72,503	1,745	649,143				50,000
3,677		36,881				
10	2	41		563	37	
<u>76,190</u>	<u>1,747</u>	<u>686,065</u>	<u>891</u>	<u>1,508,214</u>	<u>282,896</u>	<u>50,000</u>
22,820				33,748		91,371
2,000	8,487	825,002	895		250,571	
3,553						
38,292						
		21,355				
26,425	1,933	306,803		162,379	65,107	
<u>93,090</u>	<u>10,420</u>	<u>1,153,160</u>	<u>895</u>	<u>196,127</u>	<u>315,678</u>	<u>91,371</u>
<u>(16,900)</u>	<u>(8,673)</u>	<u>(467,095)</u>	<u>(4)</u>	<u>1,312,087</u>	<u>(32,782)</u>	<u>(41,371)</u>
20,000	1,000	373,700		3,000	7,500	41,371
				(1,357,294)		
<u>20,000</u>	<u>1,000</u>	<u>373,700</u>		<u>(1,354,294)</u>	<u>7,500</u>	<u>41,371</u>
3,100	(7,673)	(93,395)	(4)	(42,207)	(25,282)	
5,547	7,996	99,693	4	42,488	45,550	
<u>\$ 8,647</u>	<u>\$ 323</u>	<u>\$ 6,298</u>	<u>\$ 0</u>	<u>\$ 281</u>	<u>\$ 20,268</u>	<u>\$ 0</u>
\$ 9,074	\$ 323	\$ 9,952	\$	\$ 281	\$ 20,268	\$
(427)		(3,654)				
<u>\$ 8,647</u>	<u>\$ 323</u>	<u>\$ 6,298</u>	<u>\$ 0</u>	<u>\$ 281</u>	<u>\$ 20,268</u>	<u>\$ 0</u>

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

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

	<u>Unbudgeted Funds</u>		
	<u>Jail General Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS			
Taxes	\$	\$	\$ 2,192,611
In Lieu Tax Payments			159,259
Excess Fees			53,707
Licenses and Permits			29,302
Intergovernmental			1,902,787
Charges for Services			671,179
Miscellaneous	3,032	42,634	172,452
Interest		6	1,348
Total Receipts	<u>3,032</u>	<u>42,640</u>	<u>5,182,645</u>
DISBURSEMENTS			
General Government			752,185
Protection to Persons and Property			1,604,290
General Health and Sanitation	3,328		138,049
Social Services			3,553
Recreation and Culture		37,256	75,548
Roads			1,052,869
Debt Service			21,355
Administration			1,547,743
Total Disbursements	<u>3,328</u>	<u>37,256</u>	<u>5,195,592</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(296)</u>	<u>5,384</u>	<u>(12,947)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			1,602,736
Transfers To Other Funds			(1,602,736)
Total Other Adjustments to Cash (Uses)			<u>0</u>
Net Change in Fund Balance	(296)	5,384	(12,947)
Fund Balance - Beginning	296	6,189	669,659
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 11,573</u>	<u>\$ 656,712</u>
Composition of Fund Balance			
Bank Balance	\$	\$ 11,377	\$ 688,232
Plus: Deposits In Transit		506	506
Less: Outstanding Checks		(310)	(32,026)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 11,573</u>	<u>\$ 656,712</u>

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

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TO THE FINANCIAL STATEMENT**

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**CLINTON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

CLINTON 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.

Disaster and Emergency Services Fund - The primary purpose of this fund is to account for the disaster and emergency services of the county. The primary source of receipts for this fund is the Kentucky State Treasurer.

Ambulance Fund - The primary purpose of this fund is to account for the ambulance activities of the county. The primary sources of receipts for this fund are user fees paid by insurance companies.

Forestry Fund - The primary purpose of this fund is to account for the forestry expenses of the county. The primary sources of receipts for this fund is the fire acres property tax.

Occupational Tax Fund - The primary purpose of this fund is to account for the occupational tax collections of the county.

911 Fund - The primary purpose of this fund is to account for the emergency dispatch activities of the county. The primary sources of receipts for this fund is telephone 911 fees.

USDA Fund - The primary purpose of this fund is to account for grant expenses of the county. The primary sources of receipts for this fund are federal grants.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Jail General Fund - The primary purpose of this fund is to purchase necessary items for the jail without the need of approval from fiscal court. The primary source of receipts for this fund are from telephone and vending machine commissions. The account was closed in December 2019.

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

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting, 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.

CLINTON 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.

E. Clinton County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Clinton 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 Clinton 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. Related Organization and Joint Ventures

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

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. Related Organization and Joint Ventures (Continued)

criteria, the following are considered joint ventures of the Clinton County Fiscal Court: Parks and Recreation (with City of Albany and Clinton County Board of Education), Animal Control (with Cumberland County and Wayne County), and Airport (with Cumberland County).

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	Occupational Tax Fund	Total Transfers In
General Fund	\$	\$ 41,371	\$ 6,329	\$ 560,553	\$ 608,253
Road Fund	41,371				41,371
Jail Fund	72,000			434,541	506,541
LGEA Fund				20,000	20,000
DES Fund				1,000	1,000
Ambulance Fund	40,000			333,700	373,700
Occupational Tax Fund	3,000				3,000
911 Fund				7,500	7,500
USDA Fund	41,371				41,371
Total Transfers Out	\$ 197,742	\$ 41,371	\$ 6,329	\$ 1,357,294	\$ 1,602,736

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.

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

Note 4. Agency Trust Funds

Agency trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The fiscal court has the following agency trust fund:

Jail Inmate Fund - This fund accounts for funds received by the inmates. The balance of in the jail inmate fund as of June 30, 2020, was \$3,214.

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements - Stryker Cots

On February 11, 2019, Clinton County entered into an agreement with Flex Financial, a division of Stryker Sales Corporation, in the amount of \$52,710 with no interest for a period of two years for the purchase of three ambulance cots. The agreement stipulates three payments with one payment of \$10,000 being due immediately. The remaining payments are equal installments of \$21,355 each being due annually for two years. In the case of default the entire balance of unpaid payments become immediately due and payable. At June 30, 2020, the principal outstanding was \$21,355. Future principal requirements are:

Fiscal Year Ending June 30	Principal
2021	\$ 21,355
Totals	\$ 21,355

B. 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 Borrowing and Direct Placements	\$ 42,710	\$	\$ 21,355	\$ 21,355	\$ 21,355
Total Long-term Debt	\$ 42,710	\$ 0	\$ 21,355	\$ 21,355	\$ 21,355

C. Aggregate Debt Schedule

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2021	\$ 21,355	\$ 0

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

Note 6. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (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 \$339,535, FY 2019 was \$324,860, and FY 2020 was \$507,568.

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%

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

Note 6. 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.

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

Note 6. 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 7. Insurance

For the fiscal year ended June 30, 2020, the Clinton 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 8. Prior Period Adjustments

	General Fund	Road Fund	LGEA Fund	Ambulance Fund	911 Fund	Jail General Fund
Ending Balance, June 30, 2019	\$ 83,767	\$ 331,325	\$ 1,797	\$ 98,526	\$ 42,394	\$ 286
Adjustments:						
Prior Year Error						10
Voided Checks	7,012	816	3,750	1,167	3,156	
Restated Beginning Balance, July 1, 2019	<u>\$ 90,779</u>	<u>\$ 332,141</u>	<u>\$ 5,547</u>	<u>\$ 99,693</u>	<u>\$ 45,550</u>	<u>\$ 296</u>

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CLINTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

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CLINTON 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	\$ 424,500	\$ 451,633	\$ 401,210	\$ (50,423)
In Lieu Tax Payments	145,000	159,259	159,259	
Excess Fees	34,000	67,051	53,707	(13,344)
Licenses and Permits	26,000	26,000	29,302	3,302
Intergovernmental	145,800	149,455	127,129	(22,326)
Charges for Services	12,500	21,810	20,454	(1,356)
Miscellaneous	5,500	41,763	79,945	38,182
Interest	100	100	71	(29)
Total Receipts	<u>793,400</u>	<u>917,071</u>	<u>871,077</u>	<u>(45,994)</u>
DISBURSEMENTS				
General Government	614,127	583,102	582,646	456
Protection to Persons and Property	3,800	5,068	5,034	34
General Health and Sanitation	161,060	135,392	134,721	671
Administration	397,317	613,789	607,305	6,484
Total Disbursements	<u>1,176,304</u>	<u>1,337,351</u>	<u>1,329,706</u>	<u>7,645</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(382,904)</u>	<u>(420,280)</u>	<u>(458,629)</u>	<u>(38,349)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	376,286	376,286	608,253	231,967
Transfers To Other Funds			(197,742)	(197,742)
Total Other Adjustments to Cash (Uses)	<u>376,286</u>	<u>376,286</u>	<u>410,511</u>	<u>34,225</u>
Net Change in Fund Balance	(6,618)	(43,994)	(48,118)	(4,124)
Fund Balance - Beginning (Restated)	<u>6,618</u>	<u>90,779</u>	<u>90,779</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 46,785</u>	<u>\$ 42,661</u>	<u>\$ (4,124)</u>

CLINTON 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	\$ 956,195	\$ 1,531,042	\$ 1,530,929	\$ (113)
Miscellaneous	1,000	5,381	4,881	(500)
Interest	500	500	598	98
Total Receipts	<u>957,695</u>	<u>1,536,923</u>	<u>1,536,408</u>	<u>(515)</u>
DISBURSEMENTS				
General Government	22,000	22,000	21,600	400
Roads	915,041	1,245,174	1,052,869	192,305
Administration	352,786	612,698	227,819	384,879
Total Disbursements	<u>1,289,827</u>	<u>1,879,872</u>	<u>1,302,288</u>	<u>577,584</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(332,132)</u>	<u>(342,949)</u>	<u>234,120</u>	<u>577,069</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			41,371	41,371
Transfers To Other Funds	(141,286)	(141,286)	(41,371)	99,915
Total Other Adjustments to Cash (Uses)	<u>(141,286)</u>	<u>(141,286)</u>	<u></u>	<u>141,286</u>
Net Change in Fund Balance	(473,418)	(484,235)	234,120	718,355
Fund Balance - Beginning (Restated)	<u>473,418</u>	<u>474,235</u>	<u>332,141</u>	<u>(142,094)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (10,000)</u>	<u>\$ 566,261</u>	<u>\$ 576,261</u>

CLINTON 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	\$ 163,000	\$ 182,440	\$ 120,481	\$ (61,959)
Charges for Services	1,500	2,582	1,582	(1,000)
Miscellaneous	1,000	1,000	1,402	402
Interest	100	100	20	(80)
Total Receipts	<u>165,600</u>	<u>186,122</u>	<u>123,485</u>	<u>(62,637)</u>
DISBURSEMENTS				
Protection to Persons and Property	507,960	542,792	512,301	30,491
Administration	148,635	169,210	149,972	19,238
Total Disbursements	<u>656,595</u>	<u>712,002</u>	<u>662,273</u>	<u>49,729</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(490,995)</u>	<u>(525,880)</u>	<u>(538,788)</u>	<u>(12,908)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	486,904	486,904	506,541	19,637
Transfers To Other Funds			(6,329)	(6,329)
Total Other Adjustments to Cash (Uses)	<u>486,904</u>	<u>486,904</u>	<u>500,212</u>	<u>13,308</u>
Net Change in Fund Balance	(4,091)	(38,976)	(38,576)	400
Fund Balance - Beginning	<u>4,091</u>	<u>38,976</u>	<u>38,976</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 400</u>	<u>\$ 400</u>

CLINTON 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	\$ 46,000	\$ 72,503	\$ 72,503	\$
Miscellaneous	16,000	16,000	3,677	(12,323)
Interest	50	50	10	(40)
Total Receipts	<u>62,050</u>	<u>88,553</u>	<u>76,190</u>	<u>(12,363)</u>
DISBURSEMENTS				
General Government	21,850	24,618	22,820	1,798
Protection to Persons and Property	2,000	2,000	2,000	
Social Services	2,100	3,553	3,553	
Recreation and Culture	43,600	42,650	38,292	4,358
Administration	31,501	58,483	26,425	32,058
Total Disbursements	<u>101,051</u>	<u>131,304</u>	<u>93,090</u>	<u>38,214</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(39,001)</u>	<u>(42,751)</u>	<u>(16,900)</u>	<u>25,851</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	36,501	36,501	20,000	(16,501)
Total Other Adjustments to Cash (Uses)	<u>36,501</u>	<u>36,501</u>	<u>20,000</u>	<u>(16,501)</u>
Net Change in Fund Balance	(2,500)	(6,250)	3,100	9,350
Fund Balance - Beginning (Restated)	<u>2,500</u>	<u>6,250</u>	<u>5,547</u>	<u>(703)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,647</u>	<u>\$ 8,647</u>

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

	DISASTER AND EMERGENCY SERVICES FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 19,202	\$ 19,202	\$ 1,745	\$ (17,457)
Interest	20	20	2	(18)
Total Receipts	<u>19,222</u>	<u>19,222</u>	<u>1,747</u>	<u>(17,475)</u>
DISBURSEMENTS				
Protection to Persons and Property	13,244	13,244	8,487	4,757
Administration	5,978	13,974	1,933	12,041
Total Disbursements	<u>19,222</u>	<u>27,218</u>	<u>10,420</u>	<u>16,798</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(7,996)</u>	<u>(8,673)</u>	<u>(677)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,000	1,000
Total Other Adjustments to Cash (Uses)			<u>1,000</u>	<u>1,000</u>
Net Change in Fund Balance		(7,996)	(7,673)	323
Fund Balance - Beginning		7,996	7,996	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 323</u>	<u>\$ 323</u>

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

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 500,000	\$ 564,271	\$ 649,143	\$ 84,872
Miscellaneous	200	36,783	36,881	98
Interest	50	50	41	(9)
Total Receipts	<u>500,250</u>	<u>601,104</u>	<u>686,065</u>	<u>84,961</u>
DISBURSEMENTS				
Protection to Persons and Property	811,640	867,917	825,002	42,915
Debt Service		21,355	21,355	
Administration	352,085	325,380	306,803	18,577
Total Disbursements	<u>1,163,725</u>	<u>1,214,652</u>	<u>1,153,160</u>	<u>61,492</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(663,475)</u>	<u>(613,548)</u>	<u>(467,095)</u>	<u>146,453</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>638,475</u>	<u>638,475</u>	<u>373,700</u>	<u>(264,775)</u>
Total Other Adjustments to Cash (Uses)	<u>638,475</u>	<u>638,475</u>	<u>373,700</u>	<u>(264,775)</u>
Net Change in Fund Balance	(25,000)	24,927	(93,395)	(118,322)
Fund Balance - Beginning (Restated)	<u>25,000</u>	<u>98,526</u>	<u>99,693</u>	<u>1,167</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 123,453</u>	<u>\$ 6,298</u>	<u>\$ (117,155)</u>

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

FORESTRY FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,502	\$ 1,502	\$ 891	\$ (611)
Total Receipts	<u>1,502</u>	<u>1,502</u>	<u>891</u>	<u>(611)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,502	1,502	895	607
Total Disbursements	<u>1,502</u>	<u>1,502</u>	<u>895</u>	<u>607</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>(4)</u>	<u>(4)</u>
Net Change in Fund Balance			(4)	(4)
Fund Balance - Beginning			<u>4</u>	<u>4</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

	OCCUPATIONAL TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,473,283	\$ 1,473,283	\$ 1,507,651	\$ 34,368
Interest	500	500	563	63
Total Receipts	<u>1,473,783</u>	<u>1,473,783</u>	<u>1,508,214</u>	<u>34,431</u>
DISBURSEMENTS				
General Government	31,400	33,748	33,748	
Administration	11,372	162,379	162,379	
Total Disbursements	<u>42,772</u>	<u>196,127</u>	<u>196,127</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,431,011</u>	<u>1,277,656</u>	<u>1,312,087</u>	<u>34,431</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			3,000	3,000
Transfers To Other Funds	<u>(1,439,011)</u>	<u>(1,439,011)</u>	<u>(1,357,294)</u>	<u>81,717</u>
Total Other Adjustments to Cash (Uses)	<u>(1,439,011)</u>	<u>(1,439,011)</u>	<u>(1,354,294)</u>	<u>84,717</u>
Net Change in Fund Balance	(8,000)	(161,355)	(42,207)	119,148
Fund Balance - Beginning	8,000	42,488	42,488	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (118,867)</u>	<u>\$ 281</u>	<u>\$ 119,148</u>

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

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 200,000	\$ 227,011	\$ 282,859	\$ 55,848
Charges for Services	2,500	2,500		(2,500)
Miscellaneous	500	500		(500)
Interest	50	50	37	(13)
Total Receipts	<u>203,050</u>	<u>230,061</u>	<u>282,896</u>	<u>52,835</u>
DISBURSEMENTS				
Protection to Persons and Property Administration	210,365	251,669	250,571	1,098
	54,816	66,073	65,107	966
Total Disbursements	<u>265,181</u>	<u>317,742</u>	<u>315,678</u>	<u>2,064</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(62,131)</u>	<u>(87,681)</u>	<u>(32,782)</u>	<u>54,899</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	42,131	42,131	7,500	(34,631)
Total Other Adjustments to Cash (Uses)	<u>42,131</u>	<u>42,131</u>	<u>7,500</u>	<u>(34,631)</u>
Net Change in Fund Balance	(20,000)	(45,550)	(25,282)	20,268
Fund Balance - Beginning (Restated)	<u>20,000</u>	<u>45,550</u>	<u>45,550</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,268</u>	<u>\$ 20,268</u>

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

	USDA FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 50,000	\$ 50,000	\$
Total Receipts		50,000	50,000	
DISBURSEMENTS				
General Government		91,371	91,371	
Total Disbursements		91,371	91,371	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(41,371)	(41,371)	
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			41,371	41,371
Total Other Adjustments to Cash (Uses)			41,371	41,371
Net Change in Fund Balance		(41,371)		41,371
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ (41,371)	\$ 0	\$ 41,371

CLINTON 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.

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

For The Year Ended June 30, 2020

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CLINTON 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 (* Restated)	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 123,907	\$	\$	\$ 123,907
Buildings *	5,713,169			5,713,169
Vehicles	1,084,709	68,340		1,153,049
Equipment	1,447,258	4,000		1,451,258
Infrastructure	7,286,790	631,837		7,918,627
 Total Capital Assets	 <u>\$ 15,655,833</u>	 <u>\$ 704,177</u>	 <u>\$ 0</u>	 <u>\$ 16,360,010</u>

CLINTON 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.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 5,000	2-20
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 20,000	10-50

Note 2. Beginning Balance Restatement

The prior year Schedule of Capital Assets was restated by increasing buildings by \$39,507 due to an error from the prior year.

**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 Ricky L. Craig, Clinton County Judge/Executive
Members of the Clinton 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 Clinton County Fiscal Court for the fiscal year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Clinton County Fiscal Court's financial statement and have issued our report thereon dated April 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Clinton County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Clinton County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinton County Fiscal Court's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2020-004 to be a material weakness.



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

Internal Control Over Financial Reporting (Continued)

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2020-001, 2020-002, and 2020-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clinton 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*.

Views of Responsible Officials and Planned Corrective Action

Clinton County's views and planned corrective action for the findings 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,



Mike Harmon
Auditor of Public Accounts

April 1, 2021

**CLINTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2020

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**CLINTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2020

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES:

2020-001 The Clinton County Fiscal Court Did Not Have Sufficient Internal Controls Over Credit Card Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2019-003. The Clinton County Fiscal Court has not implemented proper internal control procedures over credit card disbursements. Credit card disbursements had the following deficiencies:

- Nine credit card statements included interest incurred totaling \$163 and three credit card statements included late fees totaling \$103.
- Nine credit card purchases included a total of \$209 in sales taxes.

The Clinton County Fiscal Court failed to implement sufficient monitoring over credit card disbursements. The improper accounting practices, and lack of oversight could result in misappropriation of assets, inaccurate financial reporting, or payment for personal purchases with public funds. Additionally, unnecessary public funds were spent on interest, sales tax, and late fees.

Good internal controls dictate that policies and procedures are in place to ensure that credit card disbursements are not used for unnecessary items and a waste of taxpayer funds. In addition, local governments are tax exempt.

We recommend the Clinton County Fiscal Court implement policies and procedures to ensure disbursements are for purchases that are necessary. Additionally we recommend the fiscal court put into place proper internal controls in order to monitor established policies and procedures are operating effectively therefore, not incurring interest and late payment fees.

Views of Responsible Official and Planned Corrective Action:

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

2020-002 The Clinton County Fiscal Court Was In Noncompliance And Did Not Have Adequate Internal Controls Over The Local Government Economic Assistance (LGEA) Fund

This is a repeat finding and was included in the prior year audit report as finding 2019-017. The fiscal court expended LGEA funds on the following unallowable categories: account 04-5080-175, the fiscal court paid the community center custodian \$868; account 04-9100-525, the fiscal court paid insurance on buildings totaling \$12,800; and account 04-9100-531, the fiscal court paid bond premiums of \$204.

The county treasurer did not realize she had paid unallowable expenses from the LGEA fund until informed by the auditors.

The county judge/executive and county treasurer signed the LGEA certification noting funds were expended for the purposes intended and be included in the audit report for compliance with KRS 42.460, but funds were not spent properly.

The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* states, "KRS 42.455(2)(3)(4) specifically prohibits the expenditure of LGEA funds for the administration of government." In addition, KRS 42.460 states, in part, "the audit report shall include a certification that the funds were expended for the purpose intended."

**CLINTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2020
(Continued)**

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES: (Continued)

2020-002 The Clinton County Fiscal Court Was In Noncompliance And Did Not Have Adequate Internal Controls Over The Local Government Economic Assistance (LGEA) Fund (Continued)

Good internal controls dictate that LGEA funds be spent according to required statutes. We recommend the fiscal court ensure all LGEA funds are expended from the LGEA bank account on allowable disbursements.

Views of Responsible Official and Planned Corrective Action:

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

2020-003 The Jailer Did Not Have Adequate Controls Over Jail Commissary Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2019-009. The jail did not have adequate controls over jail commissary disbursements. During our testing of jail commissary disbursements for the year ending June 30, 2020, we noted:

- One disbursement totaling \$271 for latex gloves and trash can liners.
- One disbursement totaling \$195 for 13 units of pepper spray.

According to the notes made on the invoices, the jailer considered these purchases as for the safety and welfare of the inmates. However, these purchases are jail equipment and supplies and should have been paid from the fiscal court's jail fund. Failure to provide proper oversight could have led to unnecessary spending of funds, violations of related statutes or fraudulent disbursements.

KRS 441.135(2) states, in part, "[a]ll profits from the canteen shall be used for the benefit and to enhance the well-being of the prisoners[.]" KRS 441.135(3) states, "[a]ll allowable expenditures from a canteen account shall include but not be limited to recreational, vocational, and medical purposes." Good internal controls dictate that only allowable purchases be made from the jail commissary fund.

We recommend that the Clinton County Jailer ensure purchases made with commissary profits are for allowable uses of the funds. We further recommend the fiscal court reimburse the jail commissary \$466 for purchases made from the commissary profits that should have been disbursed from the jail fund.

Views of Responsible Official and Planned Corrective Action:

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

County Jailer's Response:

- One (1) disbursement totaling \$271 for latex gloves and trash can liners.

**This was just simply an error.*

- One (1) disbursement totaling \$195 for 13 units of pepper spray.

**This was a purchase that we lacked the understanding of being an allowable purchase from the Commissary/Canteen Account. No future purchases of this nature will be made.*

CLINTON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2020
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESS: (Continued)

2020-004 The Jailer Lacks Adequate Segregation Of Duties Over Accounting Functions Of The Jail Commissary Fund And Jail Inmate Account

This is a repeat finding and was included in the prior year audit report as finding 2019-007. The jailer has a lack of segregation of duties over the jail commissary and inmate account's accounting functions. The jailer's bookkeeper records receipts, prepares deposits, prepares and signs checks, records in the ledgers, and prepares the monthly bank reconciliations without proper oversight.

According to the jailer's bookkeeper, this condition is a result of limited budget, which restricts the number of employees the jailer could hire or delegate to. The lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to the fiscal court.

A proper segregation of duties over the accounting functions, or implementing compensating controls when necessary because of a limited number of staff, is essential for providing protection from undetected errors. Additionally, a proper segregation of duties protects employees in a normal course of performing their daily responsibilities.

We recommend the jailer separate the duties of receiving cash, preparing deposits, writing checks, posting to ledgers, and preparing monthly bank reconciliations. If this is not feasible due to the lack of staff, cross checking procedures could be implemented and documented by the individual performing the procedure.

Views of Responsible Official and Planned Corrective Action:

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

County Jailer's Response: Due to lack of staff it is not feasible but we have implemented that all receipts, deposits and monthly bank statements are required to be reviewed and signed off on by a second individual. Checks written require a second signature. The posting to ledgers is prepared by the Administrative Assistant and at any given time the Jailer or Chief Deputy Jailer can access it if there should be any discrepancies or questions.

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

CLINTON COUNTY FISCAL COURT

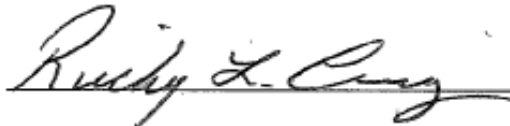
For The Year Ended June 30, 2020

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
CLINTON COUNTY FISCAL COURT

For The Year Ended June 30, 2020

The Clinton 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

NOTE: Please see finding 2020-002 which discusses the fiscal court not having adequate internal controls over the LGEA fund.