

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

**For The Year Ended  
June 30, 2018**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
TODD COUNTY OFFICIALS .....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT.....	10
BUDGETARY COMPARISON SCHEDULES.....	25
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	35
SCHEDULE OF CAPITAL ASSETS.....	39
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - SCHEDULE OF CAPITAL ASSETS.....	40
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	43
SCHEDULE OF FINDINGS AND RESPONSES.....	47
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

THIS PAGE LEFT BLANK INTENTIONALLY



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

To the People of Kentucky  
The Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
The Honorable Todd Mansfield, Todd County Judge/Executive  
Members of the Todd 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 Todd County Fiscal Court, for the year ended June 30, 2018, and the related notes to the financial statement which collectively comprise the Todd County Fiscal Court's financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statement**

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

**Auditor's Responsibility**

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

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

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



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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Todd 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 Todd County Fiscal Court as of June 30, 2018, 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 Todd County Fiscal Court as of June 30, 2018, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Todd County Fiscal Court. The Budgetary Comparison Schedules and Capital Asset Schedule, are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

The Honorable Todd Mansfield, Todd County Judge/Executive

Members of the Todd County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2019, on our consideration of the Todd 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 Todd 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:

- 2018-001 The Todd County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash And Cash Receipts
- 2018-002 The Fiscal Court Does Not Have Adequate Controls Over Decentralized Receipts At The Convenience Centers
- 2018-003 The Fiscal Court Had Inadequate Controls Over Disbursements And Was Not Compliant With Various Statutes
- 2018-004 The Todd County Fiscal Court Lacks Adequate Controls Over Payroll
- 2018-005 The Todd County Fiscal Court Lacks Adequate Internal Control Over Capital Assets, Did Not Maintain An Inventory Listing, And Did Not Conduct An Annual Physical Inventory Of Fixed Assets
- 2018-006 The Todd County Jail Lacks Adequate Segregation Of Duties Over Commissary And Inmate Account Activity
- 2018-007 The Fiscal Court Did Not Ensure Economic Development Bank Bank Accounts Are Reconciled
- 2018-008 The Fiscal Court Did Not Maintain Adequate Debt Documentation
- 2018-009 The Fiscal Court Did Not Approve Cash Transfers Properly
- 2018-010 The Todd County Fiscal Court Did Not Properly Utilize Purchase Orders
- 2018-011 The Debt Reported On The Fourth Quarter Report Is Not Accurate
- 2018-012 The Todd County Fiscal Court Overspent A Budgeted Line Item

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

May 7, 2019

**TODD COUNTY OFFICIALS**  
**For The Year Ended June 30, 2018**

**Fiscal Court Members:**

Todd Mansfield (From June 13, 2018)	County Judge/Executive
Daryl Greenfield (Through March 23, 2018)	Former County Judge/Executive
Alford Blake	Magistrate
Billy Bryant	Magistrate
John Camp	Magistrate
Brent Spurlin	Magistrate
James Turner	Magistrate

**Other Elected Officials:**

Harold Johns	County Attorney
Greg Allen	Jailer
Cynthia O'Bryan	County Clerk
Mark Cowherd	Circuit Court Clerk
Tracy White	Sheriff
Perry Stokes	Property Valuation Administrator
Timothy Wells	Coroner

**Appointed Personnel:**

Tammy Robertson	County Treasurer
-----------------	------------------



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

**For The Year Ended June 30, 2018**

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

**For The Year Ended June 30, 2018**

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 2,231,902	\$	\$
In Lieu Tax Payments	138,564		
Excess Fees	80,512		
Licenses and Permits	6,914		
Intergovernmental	563,864	1,482,165	1,422,806
Charges for Services			18,498
Miscellaneous	76,601	35,995	105,884
Interest	34,238	807	106
Total Receipts	<u>3,132,595</u>	<u>1,518,967</u>	<u>1,547,294</u>
<b>DISBURSEMENTS</b>			
General Government	4,309,117	74,968	
Protection to Persons and Property	62,069		1,380,954
General Health and Sanitation	22,500		
Social Services	10,457		
Recreation and Culture	19,145		
Roads		1,193,514	
Debt Service			277,845
Capital Projects	503,614	5,148	
Administration	211,549	173,175	338,422
Total Disbursements	<u>5,138,451</u>	<u>1,446,805</u>	<u>1,997,221</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,005,856)</u>	<u>72,162</u>	<u>(449,927)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Bond Proceeds	4,945,000		
Bond Premium	146,346		
Underwriter's Discount			
Deposited With Paying Agent			
Financing Obligation Proceeds			
Transfers From Other Funds	96,890		460,000
Transfers To Other Funds	(2,193,647)	(96,890)	
Total Other Adjustments to Cash (Uses)	<u>2,994,589</u>	<u>(96,890)</u>	<u>460,000</u>
Net Change in Fund Balance	988,733	(24,728)	10,073
Fund Balance - Beginning (Restated)	<u>2,044,137</u>	<u>1,005,071</u>	<u>10,392</u>
Fund Balance - Ending	<u>\$ 3,032,870</u>	<u>\$ 980,343</u>	<u>\$ 20,465</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 3,128,163	\$ 876,583	\$ 49,449
Less: Outstanding Checks	(95,293)	(397,047)	(28,984)
Certificates of Deposit		500,807	
Fund Balance - Ending	<u>\$ 3,032,870</u>	<u>\$ 980,343</u>	<u>\$ 20,465</u>

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

**TODD COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2018**  
**(Continued)**

<b>Budgeted Funds</b>						
<b>Local Government Economic Assistance Fund</b>	<b>Ambulance Fund</b>	<b>Forestry Fund</b>	<b>Solid Waste Fund</b>	<b>Dispatch Fund</b>	<b>Judicial Fund</b>	<b>Contingency Fund</b>
\$	\$	\$ 1,325	\$	\$ 70,141	\$	\$
			49,635			
754	10,000		36,477	215,775	16,965	
	23		36,635	15,488		
	6,928		5,125		166,517	
						12,296
<u>754</u>	<u>16,951</u>	<u>1,325</u>	<u>127,872</u>	<u>301,404</u>	<u>183,482</u>	<u>12,296</u>
					130,955	
1,500						
2,694	277,204	1,038	188,105	289,445		
	663			1,056		
				60,117		
	14,700		20,667	100,066	58,188	
<u>4,194</u>	<u>292,567</u>	<u>1,038</u>	<u>208,772</u>	<u>450,684</u>	<u>189,143</u>	
<u>(3,440)</u>	<u>(275,616)</u>	<u>287</u>	<u>(80,900)</u>	<u>(149,280)</u>	<u>(5,661)</u>	<u>12,296</u>
	(203,900)					
	206,000					
	270,000		85,000	170,000		1,208,647
	<u>272,100</u>		<u>85,000</u>	<u>170,000</u>		<u>1,208,647</u>
(3,440)	(3,516)	287	4,100	20,720	(5,661)	1,220,943
13,832	26,100	5,173	26,105	28,862	97,701	966,197
<u>\$ 10,392</u>	<u>\$ 22,584</u>	<u>\$ 5,460</u>	<u>\$ 30,205</u>	<u>\$ 49,582</u>	<u>\$ 92,040</u>	<u>\$ 2,187,140</u>
\$ 10,392	\$ 37,369	\$ 5,460	\$ 42,659	\$ 55,882	\$ 93,700	\$ 25,802
	(14,785)		(12,454)	(6,300)	(1,660)	
						2,161,338
<u>\$ 10,392</u>	<u>\$ 22,584</u>	<u>\$ 5,460</u>	<u>\$ 30,205</u>	<u>\$ 49,582</u>	<u>\$ 92,040</u>	<u>\$ 2,187,140</u>

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

**TODD COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<u>Unbudgeted Funds</u>		
	<b>Public Properties</b>		
	<b>Corporation</b>		
	<b>Judicial</b>	<b>Jail</b>	
	<b>Center</b>	<b>Commissary</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 2,303,368
In Lieu Tax Payments			138,564
Excess Fees			80,512
Licenses and Permits			56,549
Intergovernmental	748,425		4,497,231
Charges for Services		40,139	110,783
Miscellaneous			397,050
Interest	426		47,873
Total Receipts	<u>748,851</u>	<u>40,139</u>	<u>7,631,930</u>
<b>DISBURSEMENTS</b>			
General Government			4,516,540
Protection to Persons and Property			2,013,404
General Health and Sanitation			210,605
Social Services			10,457
Recreation and Culture		31,977	51,122
Roads			1,193,514
Debt Service	808,096		1,087,660
Capital Projects			568,879
Administration			916,767
Total Disbursements	<u>808,096</u>	<u>31,977</u>	<u>10,568,948</u>
Excess (Deficiency) of Receipts Over			
Disbursements Before Other			
Adjustments to Cash (Uses)	<u>(59,245)</u>	<u>8,162</u>	<u>(2,937,018)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Bond Proceeds	6,810,000		11,755,000
Bond Premium	92,929		239,275
Underwriter's Discount	(64,356)		(64,356)
Deposited With Paying Agent	(6,776,659)		(6,980,559)
Financing Obligation Proceeds			206,000
Transfers From Other Funds			2,290,537
Transfers To Other Funds			(2,290,537)
Total Other Adjustments to Cash (Uses)	<u>61,914</u>		<u>5,155,360</u>
Net Change in Fund Balance	2,669	8,162	2,218,342
Fund Balance - Beginning (Restated)	<u>39,500</u>	<u>18,600</u>	<u>4,281,670</u>
Fund Balance - Ending	<u>\$ 42,169</u>	<u>\$ 26,762</u>	<u>\$ 6,500,012</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 42,169	\$ 27,256	\$ 4,394,884
Less: Outstanding Checks		(494)	(557,017)
Certificates of Deposit			2,662,145
Fund Balance - Ending	<u>\$ 42,169</u>	<u>\$ 26,762</u>	<u>\$ 6,500,012</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	10
NOTE 2.	DEPOSITS .....	13
NOTE 3.	TRANSFERS.....	13
NOTE 4.	AGENCY TRUST FUNDS .....	14
NOTE 5.	LONG-TERM DEBT .....	14
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM .....	19
NOTE 7.	DEFERRED COMPENSATION.....	21
NOTE 8.	INSURANCE.....	22
NOTE 9.	SUBSEQUENT EVENT .....	22
NOTE 10.	RELATED PARTY TRANSACTIONS.....	22
NOTE 11.	PRIOR PERIOD ADJUSTMENTS .....	22

**TODD COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2018**

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

**A. Reporting Entity**

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

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(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.

Ambulance Fund - The primary purpose of this fund is to account for the ambulance service disbursements of the county. The primary source of receipts for this fund is the ambulance service billings.

Forestry Fund - The primary purpose of this fund is to account for the taxes collected and to pay for the related disbursements to prevent forest fires.

Solid Waste Fund - The primary purpose of this fund is to account for the garbage collection disbursements of the county. The primary source of receipts for this fund is from annual and monthly fees from solid waste customers.

Dispatch Fund - The primary purpose of this fund is to account for the dispatch expense of the county. The primary source for this fund is the 911 telephone surcharge fees.

Judicial Fund - The primary purpose of this fund is to account for the disbursements for the Justice Center. The primary source of receipts for this fund is from rental fees received from the Kentucky Administrative Office of the Courts (AOC).

Contingency Fund - The primary purpose of this fund is to account for investments (certificates of deposits) and the interest earned on the certificates of deposits.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Judicial Center Fund - The purpose of this fund is to account for the proceeds and debt service of the bonds for the judicial center. These bonds include the original bonds issued to construct the judicial center building and the issuance of the refunding bonds. The Department for Local Government does not require the fiscal court to budget these funds.

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

**D. Budgetary Information**

Annual budgets are adopted on a regulatory basis of accounting 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.

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

**D. Budgetary Information (Continued)**

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

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

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

The state local finance officer does not require the public properties corporation judicial center fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Todd County Elected Officials**

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



**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

**G. Long-term Obligations**

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

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2018, 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 2018.

	General Fund	Road Fund	Total Transfers In
General Fund	\$	\$ 96,890	\$ 96,890
Jail Fund	460,000		460,000
Ambulance Fund	270,000		270,000
Solid Waste Fund	85,000		85,000
Dispatch Fund	170,000		170,000
Contingency Fund	1,208,647		1,208,647
<b>Total Transfers Out</b>	<b>\$ 2,193,647</b>	<b>\$ 96,890</b>	<b>\$ 2,290,537</b>

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 or hold them long-term.

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(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 funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2018, was \$7,452.

**Note 5. Long-term Debt**

**A. General Obligation Refunding Bonds, Series 2016**

On March 24, 2015, the Todd County Fiscal Court issued General Obligation Refunding Bonds, in order to refund the General Obligation Improvement Bonds, Series 2006, which were issued to finance the construction of the detention center. The total bond issued was \$3,850,000, with an interest rate of 2.5 to 3.50 percent. Principal payments are due annually, beginning February 1, 2016, with the final payment due on February 1, 2038. Interest is payable each August 1 and February 1, and began on August 1, 2016.

As of June 30, 2018, bonds outstanding were \$3,555,000. Annual debt service requirements to maturity for the bonds are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 130,000	\$ 110,663
2020	130,000	106,763
2021	135,000	102,863
2022	140,000	98,812
2023	145,000	94,612
2024-2028	795,000	407,363
2029-2033	935,000	285,206
2034-2038	1,145,000	121,612
Totals	<u>\$ 3,555,000</u>	<u>\$ 1,327,894</u>

**B. General Obligation Public Project Bonds - Novelis Project Phase 1**

The Todd County Fiscal Court issued General Obligation Public Project Bonds, Series 2018 dated May 1, 2018, for the purpose of financing the acquisition of land for the upcoming Novelis aluminum plant. On May 1, 2018, \$4,945,000 of public project bonds was issued at various interest rates. The maturity date of the improvement bonds is December 20, 2037.

The Todd County Fiscal Court has entered into an interlocal agreement with the City of Guthrie in order to receive all of the incremental ad valorem and occupational license tax revenue generated by this project in order to be put towards the repayment of the bonds. As part of another interlocal agreement with the City of Guthrie and the Todd County Industrial Foundation that also has committed any incremental ad valorem and occupational tax revenue from this project to pay for the financing.

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**B. General Obligation Public Project Bonds - Novelis Project Phase 1 (Continued)**

The Todd County Fiscal Court has also entered into an agreement with Novelis to ensure that taxes generated by the business will exceed the debt payments. If they do not, Novelis has agreed to make a shortfall payment in order to mitigate the differences.

As of June 30, 2018, bonds outstanding were \$4,945,000. Annual debt service requirements to maturity for the bonds are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$	\$ 203,641
2020		203,641
2021	100,000	201,641
2022	195,000	195,741
2023	200,000	187,841
2024-2028	1,180,000	777,956
2029-2033	1,475,000	500,979
2034-2038	1,795,000	200,564
Totals	<u>\$ 4,945,000</u>	<u>\$ 2,472,004</u>

**C. First Mortgage Revenue Refunding Bonds, Series 2010**

On June 1, 2010, the Todd County Public Properties Corporation issued First Mortgage Revenue Refunding Bonds, (Courthouse Project), Series 2010. The proceeds were used for the purpose of refunding \$1,710,000 in Kentucky Association of Counties Leasing Trust financing obligations and paying the costs of construction of the Todd County Courthouse. The total bond issue was \$11,110,000 with interest rates of 2 percent and 4.125 percent and mature beginning June 2011 through June 2030.

The Kentucky Administrative Office of the Courts (AOC) has agreed to a biannual lease that will cover the debt costs and will be paid to the paying agent on behalf of the county as required by a Use and Sublease Agreement between the county and AOC dated June 30, 2011.

Under the terms of the lease agreement, AOC has agreed to pay annually directly to the paying agent for the bonds approximately 100 percent of the net debt service, the stated Use Allowance Payment, subject to constitutional restrictions limiting the commitment to state agencies to the then current biennial period; said amount to be applied only to the principal of and interest on the Bonds so long as the county renews the lease. Under the lease, the Corporation has pledged and assigned all of its rights under the lease agreement to the trustee in order to secure the bonds.

AOC, with the execution of the lease agreement, will have expressed its intention to pay the full Use Allowance Payment in each successive biennial budget period until June 1, 2030. In addition, the current policy of AOC provides for the continuation of one-half of the rental payment as long as AOC occupies said space of the project, pas the maturity of the bonds. AOC will covenant that it intends to request funding from the Kentucky General Assembly each biennium and to use the proceeds of such funding and/or revenues from other sources to pay such Use Allowance Payment each year.

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**C. First Mortgage Revenue Refunding Bonds, Series 2010 (Continued)**

In addition to the Use Allowance Payment, certain expenses attributable to maintaining and operating the building for the use of AOC are paid by the county.

These bonds were partially defeased with the issuance of the First Mortgage Revenue Refunding Bonds, Series 2017, which were issued by the Todd County Fiscal Court in the 2018 fiscal year. As of June 30, 2018, bonds outstanding were \$1,030,000. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 505,000	\$ 33,475
2020	525,000	17,063
Totals	<u>\$ 1,030,000</u>	<u>\$ 50,538</u>

**D. First Mortgage Revenue Refunding Bonds, Series 2017**

On December 21, 2017, the Todd County Public Properties Corporation issued First Mortgage Revenue Refunding Bonds, (Court Facilities Project), Series 2017. The proceeds were used for the purpose of refunding \$6,440,000 of the First Mortgage Revenue Refunding Bonds, Series 2010. The total bond issue was \$6,810,000 with interest rates of 2 percent, 2.125 percent, and 3 percent and mature beginning December 2020 through December 2029.

The Kentucky Administrative Office of the Courts (AOC) has agreed to a biannual lease that will cover the debt costs and will be paid to the paying agent on behalf of the county as required by a Use and Sublease Agreement between the county and AOC dated December 1, 2017.

Under the terms of the lease agreement, AOC has agreed to pay annually directly to the paying agent for the bonds approximately 100 percent of the net debt service, the stated Use Allowance Payment, subject to constitutional restrictions limiting the commitment to state agencies to the then current biennial period; said amount to be applied only to the principal of and interest on the Bonds so long as the county renews the lease. Under the lease, the Corporation has pledged and assigned all of its rights under the lease agreement to the trustee in order to secure the bonds.

AOC, with the execution of the lease agreement, will have expressed its intention to pay the full Use Allowance Payment in each successive biennial budget period until December 1, 2029. In addition, the current policy of AOC provides for the continuation of one-half of the rental payment as long as AOC occupies said space of the project, past the maturity of the bonds. AOC will covenant that it intends to request funding from the Kentucky General Assembly each biennium and to use the proceeds of such funding and/or revenues from other sources to pay such Use Allowance Payment each year.

In addition to the Use Allowance Payment, certain expenses attributable to maintaining and operating the building for the use of AOC are paid by the county.

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**D. First Mortgage Revenue Refunding Bonds, Series 2017 (Continued)**

As of June 30, 2018, bonds outstanding were \$6,810,000. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$	\$ 185,344
2020		185,344
2021	520,000	177,544
2022	630,000	160,294
2023	645,000	144,394
2024-2028	3,475,000	485,165
2029-2033	1,540,000	46,500
Totals	<u>\$ 6,810,000</u>	<u>\$ 1,384,585</u>

**E. Financing Obligation - Detention Center Renovations**

On November 30, 2012, the Todd County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Finance Corporation for \$425,000 at variable interest rates for a period of 15 years, interest payable monthly and principal payable annually. The purpose of the agreement was to refinance the Series 2007 Kentucky Public Agency Development Lease Certificates of Participation originally issued for the renovation and additions to the jail. Principal outstanding as of June 30, 2018, was \$270,000. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 25,000	\$ 7,458
2020	25,000	6,895
2021	30,000	6,332
2022	30,000	5,658
2023	30,000	4,953
2024-2028	130,000	11,312
Totals	<u>\$ 270,000</u>	<u>\$ 42,608</u>

**F. Emergency Operations Center**

On June 21, 2006, the Todd County Fiscal Court entered into an agreement with the Kentucky Area Development District Leasing Trust. The agreement was for improvements and construction to the emergency operations center. The principal was \$350,000 at interest rates of 4.20 percent to 5.00 percent for a period of 21 years, interest payable semi-annually and principal payable annually. This agreement was paid in full early with the financing obligation in Note 5G.

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**G. General Obligation Refunding Lease - EOC Building**

The Todd County Fiscal Court entered into a General Obligation Refunding Lease with United Southern Bank on September 29, 2017, in the amount of \$206,000, which was used to repay their agreement with the Kentucky Area Development District Leasing Trust which was borrowed to construct their Emergency Operations Center.

Payments on this lease are due each January 1 and July 1. The repayment schedule for this debt runs from January 1, 2018 through July 1, 2020. Principal outstanding as of June 30, 2018, was \$206,000. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 68,000	\$ 4,290
2020	69,000	2,588
2021	69,000	862
Totals	<u>\$ 206,000</u>	<u>\$ 7,740</u>

**H. Courthouse Roof Repair**

On February 16, 2010, the Todd County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust. The agreement was for the replacement of the roof at the courthouse. The principal was \$326,100 at variable interest rates for a period of ten years, interest payable monthly and principal payable annually. The fiscal court fully paid off this agreement early during the fiscal year.

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

Long-term Debt activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 3,680,000	\$ 4,945,000	\$ 125,000	\$ 8,500,000	\$ 130,000
Revenue Bonds	7,960,000	6,810,000	6,930,000	7,840,000	505,000
Financing Obligations	611,100	206,000	341,100	476,000	93,000
Total Long-term Debt	<u>\$ 12,251,100</u>	<u>\$ 11,961,000</u>	<u>\$ 7,396,100</u>	<u>\$ 16,816,000</u>	<u>\$ 728,000</u>

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 6. Employee Retirement System**

**Plan Description**

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 2016 was \$242,364, FY 2017 was \$266,207, and FY 2018 was \$221,036.

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 19.18 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:

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

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

Benefits are covered under KRS 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, 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%. 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% 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%. 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.



**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

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.

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. Deferred Compensation**

On March 14, 2008, the Todd County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

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

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**TODD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 8. Insurance**

For the fiscal year ended June 30, 2018, the Todd County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 9. Subsequent Event**

The Todd County Fiscal Court issued bonds in the amount of \$3,305,000 on September 20, 2018, for phase two of the Novelis Economic Assistance project. These additional funds were used to purchase land and to set aside the capital reimbursement funds for Novelis according to their grant agreement.

The Todd County Fiscal Court entered into a lease agreement on October 18, 2018, with Magnolia Bank, Inc. as the lessor and Kentucky Association of Counties Leasing Trust as the administrator in the amount of \$154,760 in order to purchase a solid waste truck.

**Note 10. Related Party Transactions**

The former Todd County Jailer entered into a contract with a company to provide jail commissary for jail inmates. The company is operated by a former deputy, a deputy that was employed during this fiscal year, and their son. This company was paid \$115,507 for their services during this period.

A magistrate is the store manager of a local grocery store. This store sells food to the county jail for feeding inmates. The store was paid \$7,616 for their services during this period.

**Note 11. Prior Period Adjustments**

The beginning balance for the jail fund was restated due to including jail bond activity within the fund that was shown separately in previous years. This beginning balance was restated by \$13.

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

**For The Year Ended June 30, 2018**

THIS PAGE LEFT BLANK INTENTIONALLY

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

**For The Year Ended June 30, 2018**

	<b>GENERAL FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	(Budgetary	Final Budget
			Basis)	Positive
				(Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,147,250	\$ 2,147,250	\$ 2,231,902	\$ 84,652
In Lieu Tax Payments	123,500	123,500	138,564	15,064
Excess Fees	19,195	19,195	80,512	61,317
Licenses and Permits	5,861	5,861	6,914	1,053
Intergovernmental	564,949	564,949	563,864	(1,085)
Charges for Services	2,000	2,000		(2,000)
Miscellaneous	32,400	32,400	76,601	44,201
Interest	20,000	20,000	34,238	14,238
Total Receipts	<u>2,915,155</u>	<u>2,915,155</u>	<u>3,132,595</u>	<u>217,440</u>
<b>DISBURSEMENTS</b>				
General Government	788,378	1,066,828	4,309,117	(3,242,289)
Protection to Persons and Property	57,800	64,800	62,069	2,731
General Health and Sanitation	24,500	23,900	22,500	1,400
Social Services	12,000	10,600	10,457	143
Recreation and Culture	25,500	21,200	19,145	2,055
Capital Projects	502,000	509,000	503,614	5,386
Administration	459,600	240,050	211,549	28,501
Total Disbursements	<u>1,869,778</u>	<u>1,936,378</u>	<u>5,138,451</u>	<u>(3,202,073)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,045,377</u>	<u>978,777</u>	<u>(2,005,856)</u>	<u>(2,984,633)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Bond Proceeds			4,945,000	4,945,000
Bond Premium			146,346	146,346
Transfers From Other Funds	96,890	96,890	96,890	
Transfers To Other Funds	(1,761,048)	(1,761,048)	(2,193,647)	(432,599)
Total Other Adjustments to Cash (Uses)	<u>(1,664,158)</u>	<u>(1,664,158)</u>	<u>2,994,589</u>	<u>4,658,747</u>
Net Change in Fund Balance	(618,781)	(685,381)	988,733	1,674,114
Fund Balance - Beginning	<u>618,781</u>	<u>618,781</u>	<u>2,044,137</u>	<u>1,425,356</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (66,600)</u>	<u>\$ 3,032,870</u>	<u>\$ 3,099,470</u>

**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,496,622	\$ 1,496,622	\$ 1,482,165	\$ (14,457)
Miscellaneous	28,000	28,000	35,995	7,995
Interest			807	807
Total Receipts	<u>1,524,622</u>	<u>1,524,622</u>	<u>1,518,967</u>	<u>(5,655)</u>
<b>DISBURSEMENTS</b>				
General Government	80,750	80,750	74,968	5,782
General Health and Sanitation	5,000	5,000		5,000
Roads	1,182,730	1,285,430	1,193,514	91,916
Capital Projects	100,000	13,800	5,148	8,652
Administration	258,900	242,400	173,175	69,225
Total Disbursements	<u>1,627,380</u>	<u>1,627,380</u>	<u>1,446,805</u>	<u>180,575</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(102,758)</u>	<u>(102,758)</u>	<u>72,162</u>	<u>174,920</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(96,890)</u>	<u>(96,890)</u>	<u>(96,890)</u>	
Total Other Adjustments to Cash (Uses)	<u>(96,890)</u>	<u>(96,890)</u>	<u>(96,890)</u>	
Net Change in Fund Balance	(199,648)	(199,648)	(24,728)	174,920
Fund Balance - Beginning	<u>199,648</u>	<u>199,648</u>	<u>1,005,071</u>	<u>805,423</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 980,343</u>	<u>\$ 980,343</u>

**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,074,000	\$ 1,074,000	\$ 1,422,806	\$ 348,806
Charges for Services	15,500	15,500	18,498	2,998
Miscellaneous	101,500	101,500	105,884	4,384
Interest			106	106
Total Receipts	<u>1,191,000</u>	<u>1,191,000</u>	<u>1,547,294</u>	<u>356,294</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,377,086	1,425,086	1,380,954	44,132
Debt Service	300,000	280,300	277,845	2,455
Administration	400,750	372,450	338,422	34,028
Total Disbursements	<u>2,077,836</u>	<u>2,077,836</u>	<u>1,997,221</u>	<u>80,615</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(886,836)</u>	<u>(886,836)</u>	<u>(449,927)</u>	<u>436,909</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	886,836	886,836	460,000	(426,836)
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)	<u>886,836</u>	<u>886,836</u>	<u>460,000</u>	<u>(426,836)</u>
Net Change in Fund Balance			10,073	10,073
Fund Balance - Beginning (Restated)			<u>10,392</u>	<u>10,392</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,465</u>	<u>\$ 20,465</u>

**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,000	\$ 1,000	\$ 754	\$ (246)
Total Receipts	1,000	1,000	754	(246)
<b>DISBURSEMENTS</b>				
General Government	2,000	2,500	1,500	1,000
Protection to Persons and Property	7,000	6,500	2,694	3,806
Total Disbursements	9,000	9,000	4,194	4,806
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(8,000)	(8,000)	(3,440)	4,560
Net Change in Fund Balance	(8,000)	(8,000)	(3,440)	4,560
Fund Balance - Beginning	8,000	8,000	13,832	5,832
Fund Balance - Ending	\$ 0	\$ 0	\$ 10,392	\$ 10,392



**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>AMBULANCE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	100	100	23	(77)
Miscellaneous	7,000	7,000	6,928	(72)
Total Receipts	<u>17,100</u>	<u>17,100</u>	<u>16,951</u>	<u>(149)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	281,500	286,500	277,204	9,296
Debt Service	13,500	8,500	663	7,837
Administration	14,200	14,200	14,700	(500)
Total Disbursements	<u>309,200</u>	<u>309,200</u>	<u>292,567</u>	<u>16,633</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(292,100)</u>	<u>(292,100)</u>	<u>(275,616)</u>	<u>16,484</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds			206,000	206,000
Deposited With Paying Agent			(203,900)	(203,900)
Transfers From Other Funds	292,100	292,100	270,000	(22,100)
Total Other Adjustments to Cash (Uses)	<u>292,100</u>	<u>292,100</u>	<u>272,100</u>	<u>(20,000)</u>
Net Change in Fund Balance			(3,516)	(3,516)
Fund Balance - Beginning			<u>26,100</u>	<u>26,100</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,584</u>	<u>\$ 22,584</u>

**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

<b>FORESTRY FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,500	\$ 1,500	\$ 1,325	\$ (175)
Total Receipts	<u>1,500</u>	<u>1,500</u>	<u>1,325</u>	<u>(175)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,500	1,500	1,038	462
Total Disbursements	<u>1,500</u>	<u>1,500</u>	<u>1,038</u>	<u>462</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>287</u>	<u>287</u>
Net Change in Fund Balance			287	287
Fund Balance - Beginning			<u>5,173</u>	<u>5,173</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,460</u>	<u>\$ 5,460</u>

**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>SOLID WASTE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Licenses and Permits	\$ 50,000	\$ 50,000	\$ 49,635	\$ (365)
Intergovernmental	27,000	27,000	36,477	9,477
Charges for Services	27,000	27,000	36,635	9,635
Miscellaneous	1,500	1,500	5,125	3,625
Total Receipts	<u>105,500</u>	<u>105,500</u>	<u>127,872</u>	<u>22,372</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	191,550	211,775	188,105	23,670
Administration	47,850	27,625	20,667	6,958
Total Disbursements	<u>239,400</u>	<u>239,400</u>	<u>208,772</u>	<u>30,628</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(133,900)</u>	<u>(133,900)</u>	<u>(80,900)</u>	<u>53,000</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>133,900</u>	<u>133,900</u>	<u>85,000</u>	<u>(48,900)</u>
Total Other Adjustments to Cash (Uses)	<u>133,900</u>	<u>133,900</u>	<u>85,000</u>	<u>(48,900)</u>
Net Change in Fund Balance			4,100	4,100
Fund Balance - Beginning			<u>26,105</u>	<u>26,105</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,205</u>	<u>\$ 30,205</u>

**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>DISPATCH FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 76,000	\$ 76,000	\$ 70,141	\$ (5,859)
Intergovernmental	110,000	176,015	215,775	39,760
Charges for Services	15,488	15,488	15,488	
Miscellaneous	1,000	1,000		(1,000)
Total Receipts	<u>202,488</u>	<u>268,503</u>	<u>301,404</u>	<u>32,901</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	333,000	327,500	289,445	38,055
Debt Service	13,500	13,500	1,056	12,444
Capital Projects		66,015	60,117	5,898
Administration	104,200	109,700	100,066	9,634
Total Disbursements	<u>450,700</u>	<u>516,715</u>	<u>450,684</u>	<u>66,031</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(248,212)</u>	<u>(248,212)</u>	<u>(149,280)</u>	<u>98,932</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>248,212</u>	<u>248,212</u>	<u>170,000</u>	<u>(78,212)</u>
Total Other Adjustments to Cash (Uses)	<u>248,212</u>	<u>248,212</u>	<u>170,000</u>	<u>(78,212)</u>
Net Change in Fund Balance			20,720	20,720
Fund Balance - Beginning			<u>28,862</u>	<u>28,862</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 49,582</u>	<u>\$ 49,582</u>

**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>JUDICIAL FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 14,000	\$ 14,000	\$ 16,965	\$ 2,965
Miscellaneous	178,000	178,000	166,517	(11,483)
Total Receipts	<u>192,000</u>	<u>192,000</u>	<u>183,482</u>	<u>(8,518)</u>
<b>DISBURSEMENTS</b>				
General Government	135,568	139,868	130,955	8,913
Administration	61,000	70,100	58,188	11,912
Total Disbursements	<u>196,568</u>	<u>209,968</u>	<u>189,143</u>	<u>20,825</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,568)</u>	<u>(17,968)</u>	<u>(5,661)</u>	<u>12,307</u>
Net Change in Fund Balance	(4,568)	(17,968)	(5,661)	12,307
Fund Balance - Beginning	4,568	4,568	97,701	93,133
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (13,400)</u>	<u>\$ 92,040</u>	<u>\$ 105,440</u>

**TODD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>CONTINGENCY FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$	\$	\$ 12,296	\$ 12,296
Total Receipts			12,296	12,296
<b>DISBURSEMENTS</b>				
Administration	200,000	120,000		120,000
Total Disbursements	200,000	120,000		120,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(200,000)	(120,000)	12,296	132,296
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	200,000	200,000	1,208,647	1,008,647
Total Other Adjustments to Cash (Uses)	200,000	200,000	1,208,647	1,008,647
Net Change in Fund Balance		80,000	1,220,943	1,140,943
Fund Balance - Beginning			966,197	966,197
Fund Balance - Ending	\$ 0	\$ 80,000	\$ 2,187,140	\$ 2,107,140

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

**June 30, 2018**

**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 general government exceeded budgeted appropriations by \$3,242,289 and overall budget by \$3,202,073. Ambulance fund administration exceeded budgeted appropriations by \$500.

THIS PAGE LEFT BLANK INTENTIONALLY



**TODD COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2018**

THIS PAGE LEFT BLANK INTENTIONALLY

**TODD COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2018**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 746,386	\$	\$	\$ 746,386
Building and Building Improvements	19,494,746			19,494,746
Vehicles and Equipment	3,101,500	225,784		3,327,284
Infrastructure	6,799,748	509,664		7,309,412
 Total Capital Assets	 \$ 30,142,380	 \$ 735,448	 \$ 0	 \$ 30,877,828

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

**June 30, 2018**

**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 and Land Improvements	\$ 12,500	10-60
Building and Building Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

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

THIS PAGE LEFT BLANK INTENTIONALLY



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

The Honorable Todd Mansfield, Todd County Judge/Executive  
The Honorable Daryl Greenfield, Former Todd County Judge/Executive  
Members of the Todd 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 Todd County Fiscal Court for the fiscal year ended June 30, 2018, and the related notes to the financial statement which collectively comprise the Todd County Fiscal Court's financial statement and have issued our report thereon dated May 7, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Todd 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 Todd County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Todd 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 certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 deficiencies described in the accompanying Schedule of Findings and Responses as items 2018-001, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, and 2018-010 to be material weaknesses.



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 deficiency described in the accompanying Schedule of Findings and Responses as item 2018-002 to be a significant deficiency.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Todd 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2018-002, 2018-003, 2018-004, 2018-005, 2018-009, 2018-010, 2018-011, and 2018-012.

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

Todd 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

May 7, 2019



**TODD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2018**

THIS PAGE LEFT BLANK INTENTIONALLY

**TODD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2018**

FINANCIAL STATEMENT FINDINGS:

2018-001 The Todd County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash And Cash Receipts

---

This is a repeat finding and was included in the prior year report as finding 2017-001. The Todd County Fiscal Court lacks adequate segregation of duties over cash and cash receipts. The county treasurer deposits the receipts and posts transactions into the accounting system. The county treasurer prepares reports for submission to the Department for Local Government, makes cash transfers between funds, and performs the bank reconciliations for all bank accounts. There were no documented compensating controls to offset the lack of segregation of duties to reduce the deficiency to less than significant level.

According to the county treasurer, this is the result of a limited budget, which prevents the fiscal court from hiring enough qualified employees to properly segregate duties.

Lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as the Department for Local Government. The segregation of duties over various accounting functions such as preparing deposits, recording receipts, preparing and reconciling reports, or the implementation of compensating controls is essential to provide protection from asset misappropriation and inaccurate financial reporting. Proper segregation of duties also protects employees in the normal course of performing their daily responsibilities. In addition, too much control by one individual without oversight can lead to undetected irregularities.

We recommend the fiscal court divide the responsibilities for cash and receipts among the county treasurer and other employees of the county in order to achieve an appropriate level of segregation of duties or implement compensating controls over these areas.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Todd County works diligently to control segregation of duties. Multiple people sign off on deposits. County Judge Executive reviews all bank statements before being reconciled by county treasurer.*

2018-002 The Fiscal Court Does Not Have Adequate Controls Over Decentralized Receipts At The Convenience Centers

---

This is a repeat finding and was included in the prior year report as finding 2017-004. During our testing of receipts at the Todd County Convenience Centers, we discovered the fiscal court does not require issuance of receipts to all individuals dropping off rubbish. We also discovered that deposits are not made in a timely manner. In some cases, receipts were deposited over two weeks after collected. The convenience centers turn in a weekly check-out sheet with the receipts collected. According to the treasurer, triplicate receipts are not issued, as customers would not take the time for convenience center employees to issue them.

Without adequate controls in place over decentralized receipts, such as the issuance of triplicate receipts and daily deposits, the fiscal court creates the opportunity for undetected misappropriation of assets and inaccurate financial reporting to occur.

Adequate controls over decentralized receipts must include verification that the correct fees are charged, along with verification that all fees are charged and received.

**TODD COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2018**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-002 The Fiscal Court Does Not Have Adequate Controls Over Decentralized Receipts At The Convenience Centers (Continued)

---

KRS 68.210 requires the state local finance officer to create a system of uniform accounts for all counties and county officials. The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for the handling of public funds, which are requirements for both local government officials and employees. These requirements prescribe that daily deposits are made intact into a federally insured banking institution.

In addition, KRS 64.840(2) requires that all governmental officials handling public funds issue a three part pre-numbered receipt with, "[o]ne (1) copy of the receipt shall be given to the person paying the fine, forfeiture, tax, or fee and one (1) copy shall be retained by the official for his own records. One (1) copy of the receipt shall be retained by the official to be placed with the daily bank deposit."

We recommend the Todd County Fiscal Court require receipts in accordance with KRS 64.840(2) for all convenience center collections. We also recommend that deposits be made daily.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Todd County has provided triplicate receipt books to all convenience centers and we are currently providing receipts in accordance to KRS 64.840.*

2018-003 The Todd County Fiscal Court Had Inadequate Controls Over Disbursements And Was Not Compliant With Various Statutes

---

We noted the following issues when testing disbursements:

- Eight instances where checks written for disbursements were not properly endorsed by the payee.
- Eight instances where evidence was not available to show that disbursements were presented to the fiscal court prior to payment.
- Nine instances where adequate supporting documentation was not available for a disbursement.
- Two instances where disbursements exceeded budgeted appropriations.
- Five instances where disbursements were not coded to the correct accounting code.
- Three instances where state sales taxes were paid on a disbursement.
- Eight instances where finance charges such as high-risk credit fees, interest charges, and late fees were paid on county credit cards.
- Three instances where the fiscal court did not verify that they are receiving specified bid rates on appropriate disbursements.
- No evidence was available to show that the fiscal court gave approval to advertise for the ambulance bid.
- Disbursements to a jail food service provider exceeded the county's bid threshold and were not properly bid.

We also identified 12 instances of contracted solid waste hauling and disposal by the same vendor without properly advertising for bids. Each of the individual payments to the vendor for these services were less than the \$20,000 threshold established by statute for competitive procurement; however, in aggregate, the 12 payments totaled \$75,097.

**TODD COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2018**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-003 The Todd County Fiscal Court Had Inadequate Controls Over Disbursements And Was Not Compliant With Various Statutes (Continued)

---

The fiscal court failed to establish appropriate internal controls over disbursements. The fiscal court also failed to recognize the need for competitive procurement procedures for a transaction when aggregate payments exceeded \$20,000 for services that were not severable categories and could be reasonably estimated in advance. Per the county treasurer, ambulance fund utilities were mistakenly omitted from the approved standing orders, which was the cause of seven of the eight instances in which evidence was not available to show that disbursements were presented and approved by the fiscal court prior to payment.

The fiscal court's failure to establish effective internal controls over disbursements resulted in numerous instances of noncompliance as reflected above. These deficiencies could result in line items being over budget, claims being paid not related to the fiscal court, inaccurate reporting, and misappropriation of assets.

KRS 68.210 requires the state local finance officer to create a system of uniform accounts for all counties and county officials. The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for counties' handling of public funds. These requirements prescribe that appropriate supporting documentation is maintained for all operating disbursements, and that operating disbursements are properly coded prior to inclusion on the claims list presented to fiscal court.

KRS 68.275(2) states, "[t]he county judge/executive shall present all claims to the fiscal court for review prior to payment[.]" Good internal controls over disbursements are necessary to ensure proper reporting and ensure the county is conducting business that is compliant with required statutes.

KRS 68.300 states, "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within the budget appropriation, shall be void. No member of the fiscal court shall vote for any such illegal appropriation or claim. The county treasurer shall be liable on his official bond for the amount of any county warrant willfully or negligently signed or countersigned by him in excess of the budget fund out of which the warrant is payable."

KRS 424.260(1) states, "[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids."

We recommend the Todd County Fiscal Court improve procedures over disbursements by ensuring that sufficient supporting documentation is provided for all disbursements, that all disbursements are presented to the fiscal court prior to payment, and that all disbursements are coded correctly within the ledgers. We also recommend that disbursements are reviewed for unallowable charges such as state sales taxes, interest charges, and late fees prior to approval. We further recommend the fiscal court ensure compliance with bid laws governing competitive procurement, ensure that bid rates are charged appropriately per bid agreements, and ensure that fiscal court approval of advertising for bids is properly documented.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Fiscal Court will require all department head to verify disbursement before being presented to Fiscal Court. Finance Officer will check to ensure appropriate invoices support expenditures before presenting to court.*

**TODD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2018  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-004 The Todd County Fiscal Court Lacks Adequate Controls Over Payroll

---

The fiscal court does not have adequate controls over payroll. The following exceptions were noted during testing:

- One employee did not maintain a timesheet.
- Seventeen employees did not have the correct amount of FICA taken from their paychecks.
- Two employees were not required to use leave for time worked under 37.5 hours for the work week.
- Five employees were not compensated for overtime that they worked according to their timesheets; therefore, the fiscal court is not in compliance with KRS 337.285 or the county administrative code.
- Four employees did not sign their time sheets.
- Four employees took leave incorrectly.
- One employee took six hours off to cover a full work day.
- One employee took 13 hours off for a full work day.
- One employee only took 7.5 hours of leave to cover a full work day.
- One employee was overcharged retirement on multiple paychecks.
- One employee did not initial a correction to a timesheet.
- Three employees' leave balances were not properly maintained (negative balance).
- Four employees' timesheets were not added correctly.
- One employee's on call time was not properly documented or approved by a supervisor.
- Three employees' endorsements on paper payroll checks cannot be confirmed on bank statements.

This was caused by oversight by supervisors and by a lack of understanding of the payroll system. By not ensuring that timekeeping records are properly maintained, the fiscal court is not in compliance with KRS 337.285 or the county administrative code. Good internal controls dictate that all employees maintain timesheets and a supervisor sign-off and approve the hours worked by an employee in order to prevent an employee from being paid incorrectly for the hours they actually worked or paid for hours that they had not worked.

KRS 337.285 requires, “[n]o employer shall employ any of his employees for a work week longer than forty (40) hours, unless such employee receives compensation for his employment in excess of forty (40) hours in a work week at a rate of not less than one and one-half (1-1/2) times the hourly rate at which he is employed” and the county’s administrative code requires that, “[t]he County pays hourly employees’ time and a half for all hours worked over 40 in a week.”

Proper calculation of hours and leave balances for timesheets is essential to ensure that all employees are being paid for their time while also guarding taxpayer funds from misuse.

We recommend the fiscal court ensure all employees maintain timesheets, which are approved by a supervisor. We also recommend that proper internal controls should be implemented to ensure that leave balances and hours worked are verified before completing processing. Additionally, we recommend the county comply with KRS 337.285 and the county’s administrative code.

**TODD COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2018**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-004 The Todd County Fiscal Court Lacks Adequate Controls Over Payroll (Continued)

---

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Todd County has put in place time clocks at all departments to assure proper time keeping. Department supervisors and Finance Officer will review time sheets before completion of payroll.*

*County Jailer's Response: The Todd County Jail has started using a biometric time clock to accurately record each employee's timesheet which is reviewed and signed by the supervisor.*

2018-005 The Todd County Fiscal Court Lacks Adequate Internal Control Over Capital Assets, Did Not Maintain An Inventory Listing, And Did Not Conduct An Annual Physical Inventory Of Fixed Assets

---

This is a repeat finding and was included in the prior year audit report as finding 2017-002. The Todd County Fiscal Court did not have adequate internal controls over capital assets. The county's schedule of capital assets did not include two lawnmowers purchased for \$7,598 by the jail commissary, was missing an ambulance chassis purchased for \$33,595, and included multiple items below the required thresholds including \$12,000 added for a building, and \$171,436 for small infrastructure projects that fell below the county's threshold. The fiscal court also did not remove construction in progress of \$51,800 for a finished building. The county's capital asset schedule's beginning balances did not agree to the prior year audited schedule of capital assets ending balances. We also noted that multiple additions and deletions from prior years were still present in the capital asset schedule, as well as additions and deletions from the subsequent fiscal year ending June 30, 2019, totaling \$200,249 for equipment and \$90,602 for infrastructure. Furthermore, we also noted that three capital assets were not properly insured, and one capital asset was not insured for its full value.

We noted the Todd County Fiscal Court did not maintain an inventory listing of its fixed assets. We also noted that no physical inventory of fixed assets was conducted. Inventory is only conducted at the end of each calendar year for the purpose of insurance coverage, and is done by sending out confirmations to each department head of their current inventory and any additions or deletions.

The Todd County Fiscal Court failed to establish strong internal controls over the reporting of capital assets. According to the county judge/executive's secretary, she was unaware of the county's thresholds for capital assets. The county judge/executive's secretary is also responsible for maintaining inventory, and was unaware of the requirement of an inventory listing or of an annual physical inventory of fixed assets.

Due to a lack of adequate internal controls, the Todd County Fiscal Court did not maintain an accurate capital asset schedule for the fiscal year ending June 30, 2018. Without strong internal controls in place, there is an increased risk of misappropriation of assets and inaccurate reporting of capital assets. Without an accurate capital asset schedule, there is also an increased risk of inaccurate or incomplete insurance coverage of capital assets. By not maintaining an inventory listing or conducting an annual physical inventory, the Todd County Fiscal Court is also not in compliance with requirements set by the Department for Local Government (DLG). By not monitoring and tracking all fixed assets purchased by the county, the fiscal court is also at an increased risk of misappropriation of assets.

**TODD COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2018**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-005 The Todd County Fiscal Court Lacks Adequate Internal Control Over Capital Assets, Did Not Maintain An Inventory Listing, And Did Not Conduct An Annual Physical Inventory Of Fixed Assets (Continued)

---

KRS 68.210 requires the state local finance officer to create a system of uniform accounts for all counties and county officials. The DLG's *County Budget Preparation and State Local Finance Officer Policy Manual* states, "[f]ixed asset records are necessary for proper asset valuation, adequate and accurate insurance coverage, internal control and long range planning for property replacement." The manual also states that "[a] fixed asset record should be prepared for each acquisition that meets the useful life and threshold limits. Deletion, sale, or disposal of fixed assets must be approved by authorized personnel and documented accordingly."

In addition, the manual states that "[f]or purposes of internal control, a fixed asset inventory listing must be maintained for all asset purchases/donations above a reasonable dollar amount and have a useful life of greater than one year. The fixed asset inventory listing should provide the following detail:

- Property Tag number
- Asset description
- Serial number - if applicable
- Quantity - if applicable
- Cost (or FMV of donated asset at date of donation)
- Date of acquisition
- Date of disposal (track all disposals for entire fiscal year)
- Property location (by department, building & room number)
- Manager/individual responsible

Please note: The Fixed Asset Inventory Listing will include assets reported on the Fixed Asset Listing, with the exception of infrastructure assets."

The manual also states that "[a]n annual physical inventory of property and equipment shall be conducted on or before June 30. Physical counts must be compared to the master asset inventory listing. Resulting differences must be reconciled, explained and documented." It further states that "[t]he asset inventory listing should be updated for all additions, disposals, and property location changes, etc. Authorization must be given to appropriate accounting personnel for asset record and asset inventory listing modifications."

We recommend the fiscal court maintain a complete and accurate schedule of capital assets to comply with DLG's requirements. Procedures should be implemented that will identify and track all additions and deletions for the purpose of the capital asset schedule. We also recommend that capital asset thresholds set by the fiscal court are followed, and that procedures are put in place to ensure insurance coverage for all capital assets. Furthermore, we recommend the fiscal court maintain an inventory listing for each fiscal year, and conduct an annual physical inventory of fixed assets per DLG requirements.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Todd County has corresponded with adjoining county to get better knowledge as to the proper bookkeeping on capital assets.*



**TODD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2018  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-006 The Todd County Jail Lacks Adequate Segregation Of Duties Over Commissary and Inmate Account Activity

---

During the audit, we noted the following segregation of duties issues:

- The jailer maintained all commissary bank statements, signed all commissary checks, and made all deposits into the commissary bank account.
- A deputy jailer maintained the inmate account bank statements, reconciled the inmate account bank statements, and printed and signed inmate account checks.
- The jail commissary financial statements were misstated.
- The jail commissary financial report presented to the county treasurer did not foot properly or agree to bank activity.
- The jail could not provide auditors with the total amount of individual inmate account balances to compare to the bank account total.

This was caused by a lack of understanding of segregation of duties by the former jailer.

A lack of segregation of duties or strong oversight could result in the undetected misappropriation of assets or incorrect financial reporting. In addition, by not presenting accurate financials to the county treasurer, the fiscal court cannot determine if adequate funds are maintained in the account.

Segregation of duties over these tasks and cross-training deputies, when needed because the number of staff is limited, is essential to providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties and cross-training deputies protects employees in the normal course of performing their daily responsibilities. Good internal controls dictate that the collection of receipts, disbursing of cash, purchasing authority, recording of transactions, and bank reconciling duties be segregated.

We recommend the jailer segregate the duties noted above and cross-train deputies to accommodate the rotation of these functions. Proper segregation of duties includes separating the duties of collecting cash, depositing receipts, posting to receipts and disbursements ledgers, bank reconciliations, and preparing reports. If segregation of these duties is not feasible, the jailer should designate another person to provide knowledgeable oversight of the employee responsible for the incompatible duties and to document this oversight. Knowledgeable oversight would necessitate an understanding of and ability to perform those same duties if the bookkeeper were absent.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Todd County elected a new jailer that took office January 1, 2019. The new jailer has expressed concerns and will be taking a new course of action to resolve situation.*

*County Jailer's Response: The Jailer will designate another person to provide knowledgeable oversight of the employees responsible for the incompatible duties and document this oversight.*

**TODD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2018  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-007 The Fiscal Court Did Not Ensure Economic Development Bonds Bank Accounts Are Reconciled

The Todd County Fiscal Court was not preparing bank reconciliations and appropriate ledgers for the economic development bonds bank accounts. This happened due to the Kentucky Association Of Counties Leasing Trust not providing the fiscal court with the bank statements for these accounts. The fiscal court was unable to ensure that the appropriate amounts were being taken out of the accounts and add them to the ledgers.

By not reconciling these accounts, the fiscal court is unable to ensure that all funds have been accounted for or used in the correct manner. Also, by not maintaining appropriate ledgers, the fiscal court cannot determine an accurate account balance.

Good internal controls dictate that accounts be reconciled and ledgers be maintained for record keeping purposes. By keeping accurate records, the records can be a vital piece of information for the fiscal court in future budgeting endeavors.

We recommend the Todd County Fiscal Court maintain appropriate controls over debt bank accounts and ensure that bank reconciliations are complete and ledgers are created.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Todd County has corresponded with bonding agency and we are now receiving monthly bank statements in a timely fashion.*

2018-008 The Fiscal Court Did Not Maintain Adequate Debt Documentation

During our testing of debt, it was noted that the Todd County Fiscal Court did not have final bonding agreements for their most recent debt of over \$4,000,000. They did not receive this information until seven months after the bonds had been issued. Due to not having adequate documentation, the fiscal court was even unaware of their responsibilities for the debt and what type of payment agreements were in place.

This was caused by the Kentucky Association Of Counties Leasing Trust not providing final debt documentation until after the first payment was made from the payment account.

By not having adequate documentation, the fiscal court cannot ensure that appropriate payments are made to the correct agencies. Also, without the contracts, it is more difficult for the fiscal court to budget for upcoming payments and financing issues.

Good internal controls dictate the fiscal court maintain sufficient documentation for all payments, including debt payments. Final agreements allow the fiscal court to ensure that all parties are performing their agreed upon duties.

We recommend the Todd County Fiscal Court maintain all supporting documentation and contracts for all debt issuances.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: County Treasurer did not receive bank statements from bonding agency in a timely fashion to document said debt on quarterly reports.*

**TODD COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2018**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-009 The Fiscal Court Did Not Approve Cash Transfers Properly

---

None of the cash transfers tested were approved by the fiscal court before they were made. Instead, cash transfers were approved by the fiscal court with the treasurer's monthly report the following month. \$515,420 of the \$2,529,950 in cash transfers made by the fiscal court were not approved properly.

This was due to a misunderstanding of the requirements for budget transfers. The fiscal court was under the assumption that budgeted transfers were adequate for cash transfers between funds. However, this does not satisfy requirements set by the Department for Local Government (DLG).

By not following the requirements set by DLG for budget transfers, the fiscal court cannot ensure that cash transfers are handled appropriately. Cash transfers between funds could be made that the fiscal court would not have approved.

DLG's *County Budget Preparation and State Local Finance Officer Policy Manual* sets specific guidelines on how fiscal courts are allowed to make cash transfers between funds. Per DLG, all transfers require a court order before they can be made.

We recommend the Todd County Fiscal Court follow the requirements set in the DLG budget manual and approve a court order before making cash transfers between funds.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Fiscal Court budgets/approves cash transfers when adopting the budget. In the past the treasurer has moved the money as needed and recorded such transfers on the treasurers report monthly. The treasurer's report is approved / voted on monthly. In the future the treasurer will list the cash transfers and submit to Fiscal Court separately for approval before making transfers.*

2018-010 The Todd County Fiscal Court Did Not Properly Utilize Purchase Orders

---

During testing of disbursements, we noted 41 instances in which a disbursement did not have a corresponding purchase order issued. We also noted seven instances in which a disbursement was issued a purchase order prior to payment, but did not include adequate information. The date, vendor, corresponding fund, and item description were listed. However, the purchase order did not include the amount (or estimated amount) of each purchase, the appropriation code to which the claim would be posted, or the signature of the department head requesting the purchase.

The fiscal court lacks strong internal controls and oversight with regard to the purchase order process and fails to follow the procedures established by the Department for Local Government through KRS 68.210.

The lack of internal controls and oversight led to numerous disbursement account codes having a negative balance at some point during the fiscal year. This is neither compliant with purchasing requirements for counties, nor an effective implementation of internal controls. The purpose of a purchase order system is to ensure the county is aware of cash balances and adequate budget capacity at any given time. Without amounts or estimated amounts and appropriation codes, it is impossible for the county to determine if there are adequate cash balances and adequate budget capacity to cover the purchases, which could lead to overspending. This also prevents the county from disclosing complete and accurate encumbrance information, which impacts their ability to report complete and accurate financial information at year end.

**TODD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2018  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-010 The Todd County Fiscal Court Did Not Properly Utilize Purchase Orders (Continued)

Good internal controls dictate that the purchase order system be used correctly to ensure there is sufficient budget for all purchases made. In addition, KRS 68.210 requires the state local finance officer to create a system of uniform accounts for all counties and county officials. The DLG's *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for the handling of public funds, including required purchasing procedures for counties. These requirements prescribe that (1) purchases shall not be made without approval by the judge/executive (or designee), and/or a department head, (2) purchase requests shall indicate the proper appropriation account number to which the claim will be posted, and (3) purchase requests shall not be approved in an amount that exceeds the available line item appropriation unless the necessary and appropriate transfers have been made.

We recommend the Todd County Fiscal Court strengthen their internal controls over purchase orders and ensure that purchase orders are obtained prior to all purchases. We also recommend the Todd County Fiscal Court ensure that all purchase orders comply with DLG's requirements and guidance for the purchase order procedures per the *County Budget Preparation and State Local Finance Officer Policy Manual*.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Fiscal Court will consult with department heads to assure purchase orders are acquired for each purchase. Finance Officer will correspond with Treasurer to assure there is money to cover such purchases.*

*County Jailer's Response: The Todd County Jail will utilize the appropriation account number as the first digits of purchase orders to accommodate tracking funds of each line item expenditure in the account.*

2018-011 The Debt Reported On The Fourth Quarter Report Is Not Accurate

There were multiple issues with the outstanding debt listing included on the fourth quarter report that was submitted. The new economic assistance bonds were not included on the report even though they were issued May 1, 2018. Two other debt issuances were misstated due to being recently financed and the numbers were not properly updated. The remaining two debt issuances did not agree to audited figures for unknown reasons. In total, debt per the fourth quarter report was understated by \$8,235,179. This was caused by an oversight by the county treasurer and was not noticed by the fiscal court.

By not including all outstanding debt on the fourth quarter report, the usefulness of the report as a budgeting tool is reduced. This also could misrepresent the county's financial standing if applying for additional debt or for budgeting purposes and does not present the full picture of the financial status to the public.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to submit quarterly reports to the Department for Local Government by the 20<sup>th</sup> day following the close of each quarter. On the fourth quarter report, all outstanding debt is required to be shown in a listing that is attached.

We recommend the Todd County Fiscal Court ensure that all outstanding debt as of June 30 of each fiscal year be included on the fourth quarter reports.

**TODD COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2018**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-011 The Debt Reported On The Fourth Quarter Report Is Not Accurate (Continued)

---

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Todd County Treasurer has corresponded with bonding agency to assure agreements with Todd County Fiscal Court are presented to treasurer in a timely manner that will allow the treasurer to record such debt on financials that are presented to the Fiscal Court.*

2018-012 The Todd County Fiscal Court Overspent A Budgeted Line Item

---

The Todd County Fiscal Court overspent one line item. The fiscal court overspent the general government line item of the general fund by \$3,242,289. This line item was overspent due to a large land purchase near the end of the year from bond proceeds. This land was going to be used for economic development. This disbursement was not included in the county's fourth quarter report due to it happening outside of their main bank account used for budgeted funds and happening close to the end of the fiscal year.

By not having the proper budget amendments, the county was not in compliance with KRS 68.300 and KRS 68.280. KRS 68.300 states, "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within budget appropriation, shall be void." KRS 68.280 states, "[t]he fiscal court may make provision for the expenditure of receipts unanticipated in the original budget by preparing an amendment to the budget, showing the source and amount of the unanticipated receipts and specifying the budget funds that are to be increased thereby."

We recommend the county comply with KRS 68.300 and KRS 68.280 by budgeting all county transactions, including those monies received and disbursed for the economic assistance bonds, monitoring the budget throughout the year, and obtain budget amendments when necessary.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Finance Officer will correspond with treasurer before awarding purchase orders to assure there is appropriations in a particular line before the purchase is made.*

THIS PAGE LEFT BLANK INTENTIONALLY

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

**TODD COUNTY FISCAL COURT**

**For The Year Ended June 30, 2018**

THIS PAGE LEFT BLANK INTENTIONALLY

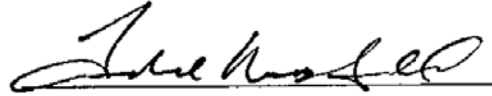


CERTIFICATION OF COMPLIANCE

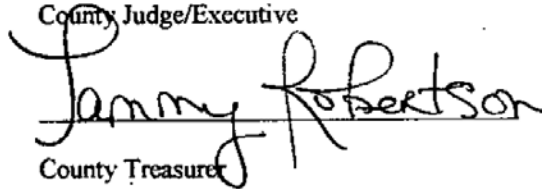
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
TODD COUNTY FISCAL COURT

For The Year Ended June 30, 2019

The Todd 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