

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

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



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

To the People of Kentucky  
The Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
The Honorable Stephen Wood, Grant County Judge/Executive  
Members of the Grant 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 Grant County Fiscal Court, for the year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Grant 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 qualified audit opinion.



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

As described in Note 1 of the financial statement, the financial statement is prepared by the Grant 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 Grant County Fiscal Court as of June 30, 2017, or changes in financial position or cash flows thereof for the year then ended.

### **Basis for Qualified Opinion**

The Grant County Fiscal Court's Statement of Receipts, Disbursements and Changes in Fund Balances - Regulatory Basis, includes the receipts and disbursements of the jail commissary fund, over which there was no system of internal controls on which we could rely for the purpose of our audit. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the recorded receipts and disbursements of the jail commissary fund were free from material misstatements.

### **Qualified Opinion**

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Grant County Fiscal Court as of June 30, 2017, and its cash receipts and disbursements, for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government as 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 Grant 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.

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**Other Matters (Continued)**

*Supplementary Information (Continued)*

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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2018, on our consideration of the Grant 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 Grant 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:

- 2017-001 The Grant County Fiscal Court's Master Capital Asset Listing Was Materially Misstated
- 2017-002 The Grant County Fiscal Court Had Inadequate Internal Controls Over Disbursements And Was Not Compliant With Various Statutes
- 2017-003 The Grant County Fiscal Court Does Not Have Adequate Controls Over Payroll
- 2017-004 The Grant County Jailer Was Not Involved In The Daily Activities Of His Office
- 2017-005 The Grant County Detention Center Failed To Implement Strong Controls Over Receipts For The Jail Commissary And Inmate Trust Funds
- 2017-006 The Grant County Detention Center Lacks Adequate Controls Over Disbursements

Respectfully submitted,



Mike Harmon  
 Auditor of Public Accounts

August 22, 2018

**GRANT COUNTY OFFICIALS**

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

**Fiscal Court Members:**

Stephen Wood	County Judge/Executive
Jacqalynn Riley	Magistrate
Shawna Coldiron	Magistrate
Bobby Newman	Magistrate

**Other Elected Officials:**

Joe Taylor	County Attorney
Chris Hankins	Jailer
Tabatha Clemons	County Clerk
Tina Melton	Circuit Court Clerk
Charles Dills	Sheriff
Angela McLafferty	Property Valuation Administrator
Robert McDaniel	Coroner

**Appointed Personnel:**

Peggy Updike	County Treasurer
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**GRANT COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - REGULATORY BASIS**

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

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

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

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 2,414,347	\$	\$
Excess Fees	51,855		
Licenses and Permits	94,844		
Intergovernmental	1,486,516	1,155,350	1,950,692
Charges for Services	33,259		74,220
Miscellaneous	625,832	9,073	109,722
Interest	3,099	1,901	658
Total Receipts	<u>4,709,752</u>	<u>1,166,324</u>	<u>2,135,292</u>
<b>DISBURSEMENTS</b>			
General Government	2,651,410		
Protection to Persons and Property	190,439		2,481,492
General Health and Sanitation	346,766		
Social Services	5,490		
Recreation and Culture	310,839		
Roads		735,735	
Debt Service	456,201	82,851	484,694
Administration	1,145,986	168,055	639,775
Total Disbursements	<u>5,107,131</u>	<u>986,641</u>	<u>3,605,961</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(397,379)</u>	<u>179,683</u>	<u>(1,470,669)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Payroll Revolving Account	26,810		
Borrowed Money	350,000		
Transfers From Other Funds			1,335,622
Transfers To Other Funds	(1,335,622)		
Total Other Adjustments to Cash (Uses)	<u>(958,812)</u>		<u>1,335,622</u>
Net Change in Fund Balance	(1,356,191)	179,683	(135,047)
Fund Balance - Beginning	1,705,508	204,179	266,267
Fund Balance - Ending	<u>\$ 349,317</u>	<u>\$ 383,862</u>	<u>\$ 131,220</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 421,935	\$ 390,190	\$ 205,545
Payroll Revolving Account Reconciled Balance	26,810		
Less: Outstanding Checks	(99,428)	(6,328)	(74,325)
Fund Balance - Ending	<u>\$ 349,317</u>	<u>\$ 383,862</u>	<u>\$ 131,220</u>

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

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

<u>Budgeted Funds</u>		<u>Unbudgeted Funds</u>		
<u>Local Government Economic Assistance Fund</u>	<u>Forest Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
\$	\$ 1,917	\$	\$	\$ 2,416,264
				51,855
				94,844
		1,091,300		5,683,858
				107,479
			127,773	872,400
113	6	4		5,781
<u>113</u>	<u>1,923</u>	<u>1,091,304</u>	<u>127,773</u>	<u>9,232,481</u>
				2,651,410
	1,721			2,673,652
				346,766
				5,490
			114,439	425,278
57,000				792,735
		1,086,550		2,110,296
		4,400		1,958,216
<u>57,000</u>	<u>1,721</u>	<u>1,090,950</u>	<u>114,439</u>	<u>10,963,843</u>
				26,810
				350,000
				1,335,622
				(1,335,622)
				376,810
(56,887)	202	354	13,334	(1,354,552)
74,123	1,319		65,959	2,317,355
<u>\$ 17,236</u>	<u>\$ 1,521</u>	<u>\$ 354</u>	<u>\$ 79,293</u>	<u>\$ 962,803</u>
\$ 17,236	\$ 1,521	\$ 354	\$ 83,472	\$ 1,120,253
			(4,179)	(184,260)
<u>\$ 17,236</u>	<u>\$ 1,521</u>	<u>\$ 354</u>	<u>\$ 79,293</u>	<u>\$ 962,803</u>

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

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**GRANT COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2017**

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

**A. Reporting Entity**

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

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

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

**C. Basis of Presentation (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.

Forest Fund - The primary purpose of this fund is to account for the fire acre taxes collected in case of a major forest fire disaster. The primary source of receipts for this fund is taxes collected by the sheriff's office.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

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

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

**D. Budgetary Information**

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

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

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

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

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

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

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

**E. Grant County Elected Officials**

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

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

**F. Deposits**

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

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

**G. Long-term Obligations**

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

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with 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.

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

**Note 2. Deposits (Continued)**

Custodial Credit Risk - Deposits

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

**Note 3. Transfers**

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

	General Fund	Total Transfers In
Jail Fund	<u>1,335,622</u>	<u>1,335,622</u>
Total Transfers Out	<u>\$ 1,335,622</u>	<u>\$ 1,335,622</u>

Reason for transfers:

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

**Note 4. Agency Trust Funds**

Agency trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The fiscal court has the following agency trust fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2017, was \$31,769.

**Note 5. Long-term Debt**

**A. General Obligation Refunding Bonds, Series 2010**

Grant county issued \$1,020,000 in General Obligation Refunding Bonds, Series 2010, dated May 2010 for the purpose of refunding and retiring the county's lease agreements with the Kentucky Association of Counties Leasing Trust (KACoLT). Principal payments are due each year on February 1, in amounts indicated below starting February 1, 2011. Interest at rates ranging from 1 percent to 3.3 percent on the bonds is payable each February 1 and August 1, beginning August 1, 2010. The principal balance outstanding as of June 30, 2017, was \$195,000. Future debt service requirements are:

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

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

**A. General Obligation Refunding Bonds, Series 2010 (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 95,000	\$ 6,387
2019	100,000	3,300
Totals	<u>\$ 195,000</u>	<u>\$ 9,687</u>

The retired lease agreements discussed above were subsequently sub-leased to the applicable water districts (see below, section G). The districts make monthly payments to the county for the debt service requirements in accordance with the sub-lease agreements. The bonds are general obligations of the county and the full faith, credit, and taxing power of the county is irrevocably pledged to the payment of principal and interest on the bonds when due.

**B. General Obligation Refunding And Improvement Bonds, Series 2015**

On July 1, 2015, the Grant County Fiscal Court issued \$5,290,000 General Obligation Refunding and Improvement Bonds for the purposes of refinancing previously issued bonds (Series 2010B Refunding Bonds) and improvements for the Detention Center Facilities Project. Principal payments are due each year on July 1, in amounts indicated below, starting January 1, 2016. Interest rates ranging from 2 percent to 3.125 percent on the bonds is payable each January 1 and July 1, beginning January 1, 2016. The principal balance outstanding as of June 30, 2017, was \$4,935,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 365,000	\$ 122,494
2019	370,000	115,144
2020	380,000	107,644
2021	385,000	99,993
2022	395,000	92,194
2023-2027	2,125,000	301,219
2028-2029	915,000	28,672
Totals	<u>\$ 4,935,000</u>	<u>\$ 867,360</u>

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

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

**C. First Mortgage Revenue Bonds, Series 2007**

On December 1, 2007, the Grant County Public Properties Corporation issued \$16,615,000 First Mortgage Revenue Bonds. The proceeds from this issuances were used to (a) provide financing for the acquisition, development, and construction of a new courthouse facility, located within the city, to be used and leased by the Administrative Office of the Courts; (b) pay the principal and interest of the First Mortgage Revenue Bond Anticipation Note; (c) pay capitalization and/or accrued interest, if any; and (d) pay the cost of interest, which varies at a rate of 4 percent to 4.5 percent, is payable semi-annually on June 1 and December 1. In January 2016, these bonds were partially defeased with First Mortgage Revenue Refunding Bonds, Series 2016. The outstanding principal balance as of June 30, 2017, is \$2,465,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 790,000	\$ 82,800
2019	820,000	50,600
2020	855,000	17,100
Totals	<u>\$ 2,465,000</u>	<u>\$ 150,500</u>

**D. First Mortgage Revenue Refunding Bonds, Series 2016**

On January 1, 2016, the Grant County Public Properties Corporation issued \$8,885,000 of First Mortgage Revenue Refunding Bonds. Proceeds from the bonds will be used for the purpose of (i) the advance refunding of all or certain maturities of the \$16,615,000 Grant county, Kentucky Public Properties Corporation First Mortgage Revenue Bonds (Judicial Center Project), Series 2007, dated December 1, 2007; (ii) the payment of the accrued interest, if any; and (iii) the payment of the cost of issuance incurred with respect to the issuance of the bonds. Principal payments are due annually on December 1 beginning December 1, 2020. Interest payments, which varies from 2 percent to 3 percent, is payable semi-annually on June 1 and December 1. The outstanding principal balance as of June 30, 2017, is \$8,885,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$	\$ 218,200
2019		218,200
2020		218,200
2021	1,010,000	208,100
2022	1,045,000	187,550
2023-2027	5,615,000	552,000
2028	1,215,000	18,225
Totals	<u>\$ 8,885,000</u>	<u>\$ 1,620,475</u>

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

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

**E. Financing Obligation - Dump Truck Lease**

In October 2015, the Grant County Fiscal Court entered into a five year lease agreement with PNC Equipment Finance, LLC to purchase three dump trucks for the road department. The lease was for \$376,810 at an interest rate of 3.49 percent. The outstanding principal balance as of June 30, 2017, is \$257,281. Future principal and interest payments are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 74,611	\$ 7,792
2019	76,788	5,153
2020	79,029	2,438
2021	26,853	195
Totals	<u>\$ 257,281</u>	<u>\$ 15,578</u>

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 5,580,000	\$	\$ 450,000	\$ 5,130,000	\$ 460,000
Revenue Bonds	12,105,000		755,000	11,350,000	790,000
Financing Obligations	329,776		72,495	257,281	74,611
Total Long-term Debt	<u>\$ 18,014,776</u>	<u>\$ 0</u>	<u>\$ 1,277,495</u>	<u>\$ 16,737,281</u>	<u>\$ 1,324,611</u>

**G. Changes In Notes Receivable (Waterlines)**

Notes receivable activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Water Districts	\$ 290,000	\$ 0	\$ 95,000	\$ 195,000
Total	<u>\$ 290,000</u>	<u>\$ 0</u>	<u>\$ 95,000</u>	<u>\$ 195,000</u>

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

**Note 6. Short-term Debt**

**A. Borrowed Money**

In September 20, 2016, the Grant County Fiscal Court entered into a three month direct funding lease agreement with Kentucky Association of Counties Leasing Trust (KACoLT) for operating cash flow. The lease was for \$350,000 at an interest rate of 3.25 percent. The lease was paid in full. No future principal and interest payments were due at June 30, 2017.

**B. Changes In Short-term Debt**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Operating Loan	\$	\$ 350,000	\$ 350,000	\$	\$
Total Short-term Debt	\$ 0	\$ 350,000	\$ 350,000	\$ 0	\$ 0

**Note 7. Commitments and Contingencies**

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

**Note 8. Conduit Debt**

From time to time the county has issued bonds to provide financial assistance to various agencies for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Grant County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement and an aggregate total could not be determined.

**Note 9. Employee Retirement System**

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

The county's contribution for FY 2015 was \$633,633, FY 2016 was \$635,887, and FY 2017 was \$632,014.

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

**Note 9. Employee Retirement System (Continued)**

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 18.68 percent.

Hazardous

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

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent of their annual creditable compensation and also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a seven and one-half percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

**Note 9. Employee Retirement System (Continued)**

Hazardous (Continued)

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

The county's contribution rate for hazardous employees was 31.06 percent.

Health Insurance Coverage

CERS also provides post-retirement health care coverage as follows:

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

<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.

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

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

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

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

**Note 10. Deferred Compensation**

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

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

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

**Note 11. Flexible Spending Account**

The Grant Fiscal Court established a flexible spending account to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing various amounts based on how much the employee contributes into the account at the beginning of each fiscal year to pay for qualified medical expenses.

**Note 12. Health Reimbursement Benefit**

The Grant County Fiscal Court established a health reimbursement benefit account to provide employees that opt out of the county's paid health insurance plan with \$250 a month benefit. This benefit can be used to purchase additional insurance options that are available to the employee; however, any funds not spent on additional insurance is deposited into an account. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee at the account at the beginning of each fiscal year to pay for qualified medical expenses.

**Note 13. Insurance**

For the fiscal year ended June 30, 2017, the Grant 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.

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

**Note 14. Self-Insurance Fund**

The Grant County Fiscal Court elected to participate in a partially self-funded health care plan to cover all employees. The county signed an interlocal agreement with the Northern Kentucky Public Entity Joint Health Insurance Board to administer the health insurance program. The agreement allows for one appointed member of the county and one vote on all matters. The county submits monthly installments due on the first of each month based on their number of participants and types of coverage determined by a pre-set monthly premium rate. To the extent that additional funds are necessary, the board will determine the assessment of these costs to each entity.

**Note 15. Subsequent Event**

On July 3, 2018, the county entered into a loan agreement to purchase capital equipment for the E911 system. The principal balance of this loan is \$350,000 and will mature on July 3, 2023.

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 2,436,598	\$ 2,436,598	\$ 2,414,347	\$ (22,251)
Excess Fees	11,000	11,000	51,855	40,855
Licenses and Permits	92,300	92,300	94,844	2,544
Intergovernmental	1,523,350	1,523,350	1,486,516	(36,834)
Charges for Services	75,000	75,000	33,259	(41,741)
Miscellaneous	504,150	504,150	625,832	121,682
Interest	3,500	3,500	3,099	(401)
Total Receipts	<u>4,645,898</u>	<u>4,645,898</u>	<u>4,709,752</u>	<u>63,854</u>
<b>DISBURSEMENTS</b>				
General Government	3,025,071	3,086,894	2,651,411	435,484
Protection to Persons and Property	269,677	269,677	190,439	79,238
General Health and Sanitation	487,331	475,588	346,766	128,822
Social Services	9,000	9,000	5,490	3,510
Recreation and Culture	258,385	344,013	310,839	33,174
Debt Service	104,238	456,201	456,201	
Administration	1,420,859	1,283,188	1,145,986	137,202
Total Disbursements	<u>5,574,561</u>	<u>5,924,561</u>	<u>5,107,131</u>	<u>817,429</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(928,663)</u>	<u>(1,278,663)</u>	<u>(397,380)</u>	<u>881,283</u>
<b>Other Adjustments to Cash (Uses)</b>				
Borrowed Money	465,902	815,902	350,000	465,902
Transfers To Other Funds	<u>(484,694)</u>	<u>(484,694)</u>	<u>(1,335,622)</u>	<u>850,928</u>
Total Other Adjustments to Cash (Uses)	<u>(18,792)</u>	<u>331,208</u>	<u>(985,622)</u>	<u>1,316,830</u>
Net Change in Fund Balance	(947,455)	(947,455)	(1,383,001)	(435,546)
Fund Balance - Beginning	<u>947,455</u>	<u>947,455</u>	<u>1,705,508</u>	<u>758,053</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 322,507</u>	<u>\$ 322,507</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,433,589	\$ 1,433,589	\$ 1,155,350	\$ (278,239)
Miscellaneous	10,775	10,775	9,073	(1,702)
Interest	1,000	1,000	1,901	901
Total Receipts	<u>1,445,364</u>	<u>1,445,364</u>	<u>1,166,324</u>	<u>(279,040)</u>
<b>DISBURSEMENTS</b>				
Roads	1,246,283	1,171,876	735,735	436,141
Debt Services		82,851	82,851	
Administration	199,081	190,637	168,055	22,582
Total Disbursements	<u>1,445,364</u>	<u>1,445,364</u>	<u>986,641</u>	<u>458,723</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>179,683</u>	<u>179,683</u>
Net Change in Fund Balance			179,683	179,683
Fund Balance - Beginning			<u>204,179</u>	<u>204,179</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 383,862</u>	<u>\$ 383,862</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 3,350,212	\$ 3,350,212	\$ 1,950,692	\$ (1,399,520)
Charges for Services	126,500	126,500	74,220	(52,280)
Miscellaneous	146,000	146,000	109,722	(36,278)
Interest Earned	750	750	658	(92)
Total Receipts	<u>3,623,462</u>	<u>3,623,462</u>	<u>2,135,292</u>	<u>(1,488,170)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	2,591,926	2,506,492	2,481,492	25,000
Debt Service	484,694	484,694	484,694	
Administration	1,031,536	1,116,970	639,775	477,195
Total Disbursements	<u>4,108,156</u>	<u>4,108,156</u>	<u>3,605,961</u>	<u>502,195</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(484,694)</u>	<u>(484,694)</u>	<u>(1,470,669)</u>	<u>(985,976)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	484,694	484,694	1,335,622	850,928
Total Other Adjustments to Cash (Uses)	<u>484,694</u>	<u>484,694</u>	<u>1,335,622</u>	<u>850,928</u>
Net Change in Fund Balance			(135,047)	(135,047)
Fund Balance - Beginning			<u>266,267</u>	<u>266,267</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 131,220</u>	<u>\$ 131,220</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 300	\$ 300	\$ 113	\$ (187)
Total Receipts	300	300	113	(187)
<b>DISBURSEMENTS</b>				
Roads	57,500	57,500	57,000	500
Total Disbursements	57,500	57,500	57,000	500
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(57,200)	(57,200)	(56,887)	313
Net Change in Fund Balance	(57,200)	(57,200)	(56,887)	313
Fund Balance - Beginning	57,200	57,200	74,123	16,923
Fund Balance - Ending	\$ 0	\$ 0	\$ 17,236	\$ 17,236

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

	<b>FOREST FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,772	\$ 1,772	\$ 1,917	\$ 145
Interest	10	10	6	(4)
Total Receipts	<u>1,782</u>	<u>1,782</u>	<u>1,923</u>	<u>141</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,782	1,782	1,721	61
Total Disbursements	<u>1,782</u>	<u>1,782</u>	<u>1,721</u>	<u>61</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>202</u>	<u>202</u>
Net Change in Fund Balance			202	202
Fund Balance - Beginning			<u>1,319</u>	<u>1,319</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,521</u>	<u>\$ 1,521</u>

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

**June 30, 2017**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Reconciliation of General Fund**

Reconciliation of the General Fund

Other Adjustments to Cash (Uses)	\$ (985,622)
To adjust for payroll account	<u>26,810</u>
Total Other Adjustments to Cash (Uses)	<u>\$ (958,812)</u>
Fund Balance - Ending	\$ 322,507
To adjust for payroll account	<u>26,810</u>
Total Debt Service-Regulatory Basis	<u>\$ 349,317</u>

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

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

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

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

The fiscal court reports the following Schedule of Capital Assets:

	(*Restated) Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements*	\$ 1,068,870	\$	\$	\$ 1,068,870
Buildings and Building Improvements*	23,379,627	497,727		23,877,354
Vehicles*	1,871,809	114,231	95,111	1,890,929
Machinery and Equipment*	1,730,676	23,320		1,753,996
Infrastructure	2,305,535	267,973		2,573,508
 Total Capital Assets	 \$ 30,356,517	 \$ 903,251	 \$ 95,111	 \$ 31,164,657

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

**June 30, 2017**

**Note 1. Capital Assets**

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

	Capitalization Threshold	Useful Life (Years)
Land and Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	5-15
Infrastructure	\$ 20,000	10-50

**Note 2. Prior Period Adjustments**

Land and land improvements decreased by \$4,302, buildings and building improvements decreased by \$61,378, vehicles decreased by \$78,784, and machinery and equipment decreased by \$38,377, due to errors and omissions in the prior year.

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

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

The Honorable Stephen Wood, Grant County Judge/Executive  
Members of the Grant 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 Grant County Fiscal Court for the fiscal year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Grant County Fiscal Court's financial statement and have issued our report thereon dated August 22, 2018, wherein we issued a qualified opinion since there was no system of internal control over the jail commissary fund. The financial information presented for the fund balance of the Grant County jail commissary fund cannot be determined to be free from material misstatements.

**Internal Control Over Financial Reporting**

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

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 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, and 2017-006 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)

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Grant 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 2017-001, 2017-002, 2017-003, 2017-005, and 2017-006.

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

Grant 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

August 22, 2018

**GRANT COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2017**

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**GRANT COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

FINANCIAL STATEMENT FINDINGS:

2017-001 The Grant County Fiscal Court's Master Capital Asset Listing Was Materially Misstated

This is a repeat finding and was included in the prior year audit report as finding 2016-002. The county did not maintain an accurate capital asset listing. Our review of the fiscal court minutes and the county's disbursements ledger disclosed \$2,940,608 of capital asset purchases that were not included on the county's capital asset listing. In addition, \$48,388 of prior year deletions were not removed from the county's master capital asset listing.

The county did not have proper controls in place to ensure that the capital asset listing was updated as required. The county updated an older version of the capital asset listing that did not include additions or deletions from the prior fiscal year. This resulted in the capital asset listing being materially misstated. Furthermore, the risk of undetected misappropriation of assets increases with material misstatements. Capital asset records are necessary for proper asset valuation, adequate and accurate insurance coverage, internal control, and long range planning for property replacement. Strong controls reduce the risk of asset misappropriation.

In order to strengthen the county's internal controls over capital assets, we recommend the county establish a detailed inventory system. This system should include a detailed description of the asset, an inventory control number or serial number, the date acquired, location, date destroyed or sold as surplus, and a brief description as to why the asset was discarded. The inventory of county assets should be updated as new assets are purchased or sold. We also recommend the county reconcile asset purchases and disposals with the disbursements ledger and receipts ledger. The county should also conduct a physical inspection of county assets at the end of each year and make comparisons to the county's list of inventoried assets and insurance policy.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The county will maintain a detailed list of all Capital Assets and conduct a physical inspection of county assets annually and compare that to the list of inventoried assets of the county insurance policy.*

2017-002 The Grant County Fiscal Court Had Inadequate Internal Controls Over Disbursements And Was Not Compliant With Various Statutes

This is a repeat finding and was included in the prior year audit report as finding 2016-004. The auditor noted the following issues when testing disbursements:

- There were eight instances where disbursements were not paid within 30 days as required by statute. Some were as much as eight months late.
- There were 35 instances where the county did not adhere to purchase order guidance per the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. Purchase orders were not issued for utilities, payroll, and other disbursements covered under the standing order. There were instances where one purchase order was issued for a vendor and the same number was used for all purchases made with that vendor for the entire fiscal year. Purchase orders were not used in sequence as there was more than one person issuing and they would be logged when the finance officer received them. Credit card purchases were made by various departments without confirming that the funds were available.
- Disbursements to the jail health care provider and jail food service provider exceeded the county's bid threshold and were not properly bid.
- There were negative balances on the purchase order log, indicating that purchases were made without adequate appropriations or reviews.

**GRANT COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2017**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-002 The Grant County Fiscal Court Had Inadequate Internal Controls Over Disbursements And Was Not Compliant With Various Statutes (Continued)

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The fiscal court lacks strong internal controls and oversight with regard to the purchase order process and fails to follow the procedures established by DLG.

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. Management is unable to determine where potential issues with spending are before the expense is already incurred, creating the opportunity for waste, fraud, or abuse. This could lead to financial strain on the county due to overspending and lack of funds to cover necessary expenses of the county. Further, failure to pay invoices timely can lead to late fees and penalty charges which are unnecessary expenses for the county. Lastly, failure to bid expenditures exceeding \$20,000 could result in the county not receiving the best price as they may with competitive bidding.

KRS 68.210 requires the State Local Finance Officer to create a system of uniform accounts for all counties and county officials. The *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for handling public funds, including required purchasing procedures for counties. These requirements prescribe that, “[p]urchase requests shall not be approved in an amount that exceeds the available line item appropriation unless the necessary and appropriate transfers have been made.”

Good internal controls for purchase requests exceeding budget appropriations would lead to discussion with both the county treasurer and county judge executive as to whether the purchase order will be issued, the necessity and appropriateness of a budget transfer to cover the expense, and if other issues need to be addressed related to spending. Purchase orders should be issued for all goods and services utilized by the fiscal court. DLG issued a memorandum on August 4, 2016, in which it “highly recommends” implementation of issuing purchase orders for payroll and utilities. This control allows for fiscal court to ensure that sufficient budget allocation is available for all expenses.

KRS 65.140(2) states, “[u]nless the purchaser and vendor otherwise contract, all bills for goods and services shall be paid within thirty (30) working days of receipt of a vendor’s invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor’s subcontractor.”

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 fiscal court work to ensure they comply with DLG’s requirements and guidance for the purchase order procedures per the *County Budget Preparation and State Local Finance Officer Policy Manual*. Additionally, we recommend the county strengthen controls over the disbursements process to ensure compliance with applicable statutes and to provide better oversight to ensure funds are available prior to issuing purchase orders. Furthermore, we recommend the fiscal court pay all invoices within thirty working days of receipt of a vendor’s invoice and bid all goods or services over \$20,000.

**GRANT COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2017  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-002 The Grant County Fiscal Court Had Inadequate Internal Controls Over Disbursements And Was Not Compliant With Various Statutes (Continued)

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Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Going forward the fiscal court will work to ensure they adhere with DLG's requirements and guidance for purchase order procedures.*

2017-003 The Grant County Fiscal Court Does Not Have Adequate Controls Over Payroll

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This is a repeat finding and was included in the prior year audit report as finding 2016-007.

The lack of strong internal controls and oversight over processing of payroll led to the following payroll issues:

- Documentation for leave accumulation and balances were not always available for the employees in our sample. Many employees were maintaining their own leave balances. These balances were not being checked for accuracy. Auditors were unable to determine if employees had accumulated leave and if leave time used was properly handled.
- One employee was overpaid \$79 for the test period.
- Multiple instances were noted where timesheets did not have both the employee and the supervisor's signature of approval and review prior to payment.
- Payroll deduction authorization forms were not maintained in employee files for the portion of the cell phone bills that were covered by employees through deduction from their pay.
- Deferred compensation withholdings were deducted from FICA wage calculations.
- Health reimbursement account withholdings were listed on reports as flexible spending account withholdings.
- Bank reconciliations for the payroll revolving account were not reviewed. The payroll revolving account was not zeroed out and the balance fluctuated monthly, with no explanation provided. The ending cash balance in the account was \$26,810.

The employee responsible for ensuring that payroll is accurate is not reviewing timesheets, leave balance reports, payroll revolving account bank reconciliations, payroll journals prepared by the third party processor, or other payroll documentation. Review procedures were in place; however, the county did not follow their written policies which addresses payroll issues such as timesheets, leave balances, etc.

Management is unable to ensure employees are accurately reporting hours, using leave appropriately, and ensuring payroll expenses were actually incurred, creating the opportunity for waste, fraud, and abuse. This could lead to financial strain on the county due to erroneous payment for hours not worked and for lawsuits that could derive from failure to ensure accurate time is reported. Failure to properly reconcile the revolving account appropriately could result in monies that are due back to the general fund, employees, or vendors. This leads to monies being retained that are unaccounted for and susceptible to fraud or theft.

KRS 337.320(1) states "[e]very employer shall keep a record of: (a) [t]he amount paid each pay period to each employee; (b) [t]he hours worked each day and each week by each employee; and (c) [s]uch other information as the commissioner requires." KRS 337.320(2) states, "[s]uch records shall be kept on file for at least one (1) year after entry. They shall be open to the inspection. . .at any reasonable time, and every employer shall furnish to the commissioner or the commissioner's authorized representative on demand a sworn statement of them."

**GRANT COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2017  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-003 The Grant County Fiscal Court Does Not Have Adequate Controls Over Payroll (Continued)

Per the Grant County Administrative Code, Section 2.4A., “[t]he County Judge/Executive is responsible for administering the provisions of the County Budget Ordinance when adopted by the Fiscal Court. All or part of the financial management duties may be assigned to a finance officer job description and may include, but not be limited to. . . (10) Maintain time records, including vacation, sick leave, etc.” An addendum to the administrative code, section 401 states, “[n]onexempt employees should accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period. They should also record the beginning and ending time of any split shift or departure from work for personal reasons.”

Good internal controls dictate that adequate oversight and strong internal controls are essential for ensuring that payroll disbursements are properly reported and accounted for. These controls will assist in making sure that the county is compliant with applicable regulations, to protect the county from fraud and abuse, and to ensure employees are accurately compensated.

We recommend the county strengthen controls over the payroll process to ensure compliance with applicable statutes and to provide better oversight to ensure accuracy in payroll disbursements. All reports from the service organization should be reviewed for accuracy and all employees should be required to submit timesheets detailing hours worked per day, with appropriate review and approval documented. The county needs to ensure all authorization forms are completed and maintained on file to support deductions authorized by the employees. Further, reconciliations for the payroll revolving account should be adequately reviewed. Because the payroll revolving account is a clearing account, this account should reconcile to zero at the end of each month.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: The county will strengthen controls over payroll process making sure all employees have submitted timesheets detailing hours worked per day. Also retain all authorization forms on file to support deductions authorized by the employee.*

2017-004 The Grant County Jailer Was Not Involved In The Daily Activities Of His Office

The jailer was not involved in the daily activities of his office. Numerous weaknesses in the control environment of the Grant County Detention Center significantly increase the risk of fraud and misappropriation of funds, and decrease the accuracy of records provided.

This condition is a result of poorly designed policies and procedures; inconsistent, incomplete, and inaccurate implementation of controls; and lack of management oversight and involvement. The noted weaknesses, such as inadequate segregation of duties and inaccurate or incomplete financial reports and ledgers, could affect the jailer’s ability to ensure that financial data is recorded, processed, and reported in an accurate and reliable manner. This impacts the jailer’s ability to ensure that assets were sufficiently safeguarded. The cumulative effect of these control weaknesses increases the risk of material misstatement caused by error or fraud. As a result, we were unable to obtain adequate audit evidence to express an opinion over the jail commissary fund.

Management has a responsibility to design and implement internal controls that provide reasonable assurance regarding the reliability of financial reporting. Internal control is a management process for keeping an entity on course in achieving its business objectives. Internal controls should ensure resources are protected from waste, loss, and misuse and ensure reliable data is obtained, maintained, and fairly disclosed. Entities are required to

**GRANT COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2017  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-004 The Grant County Jailer Was Not Involved In The Daily Activities Of His Office (Continued)

establish controls to provide reasonable assurance that the recording, processing, and reporting of data is properly performed within the framework of financial management systems. The following recommendations are supplemented by additional recommendations presented throughout this report:

- The jailer should be more diligent in the day-to-day operations of his office by providing direct oversight of financial reporting for all receipts and disbursements.
- The jailer should implement internal controls over the financial accounting system that ensure an adequate internal control structure, including management oversight; provides reasonable assurance that assets are safeguarded and transactions are processed in accordance with applicable laws and regulations; and transactions are recorded, reconciled, processed, and summarized to permit the preparation of reliable financial data.
- The jailer should segregate duties so that no one person can both create and conceal fraudulent activity or commit an undetected material error.
- The jailer should train employees to ensure that each employee understands both the activities and the accounting principles needed for their positions.
- The jailer should implement sufficient supervisory review of key functions and activities, and ensure managers clearly understand their roles in the supervisory process. All supervisory reviews should be evidenced in writing.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: No response provided.*

*County Jailer's Response: 1) The current budget has prevented the Jail from having more than one person in the office. The bookkeeping position was held by two part time employees who were only able to come in when available leaving a gap in communication and the check and balance system. 2) Since November 2017 there has been a full time employee bookkeeper. 3) I as the Jailer are thoroughly involved in all of the day to day operations of the jail on both the operational side and the administrative side which includes all financial decisions and oversight. Due to a new Jailer coming in maybe he will have better luck on getting more help in the office.*

2017-005 The Grant County Detention Center Failed To Implement Strong Controls Over Receipts For The Jail Commissary And Inmate Trust Funds

The jailer's office lacks adequate segregation of duties and strong internal controls over receipts. One of the jailer's bookkeepers receives mailed collections, prepares deposits, prepares daily checkout sheets, and posts transactions to the receipts ledger. The lack of adequate review over receipts and failure to adhere to the administrative policy led to multiple exceptions as noted below:

- Deposits were not made daily, as late as 27 days.
- Receipts were not issued in numerical sequence, were not batched daily, and were not accounted for numerically.
- Receipts were not issued for all collections and receipt books contained missing receipts.
- All three copies of voided receipts were not always maintained.

**GRANT COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2017  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-005 The Grant County Detention Center Failed To Implement Strong Controls Over Receipts For The Jail Commissary And Inmate Trust Funds (Continued)

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- Weekender fees totaling \$2,245 were deposited into the canteen account rather than into the inmate account.
- There was no comparison of reconciled cash balances in the inmate account to total inmate funds entrusted to the jailer. This comparison would have detected the deposit error noted above, as the account would have shown a reconciled shortage of \$1,615 at June 30, 2017.
- The lack of commissary and inmate records created a scope limitation which prevented auditors from relying on receipts ledgers for the jail commissary account and the inmate trust account, determining if correct fees were collected from inmates, and determining if receipts were posted to inmate accounts timely.
- Receipts into the jail commissary account are from the inmate trust account. Auditors could not confirm more than 80 percent of inmate trust account receipts due to scope limitation.
- Auditors reconciled the jail commissary account based on bank statements; however, without reliance on ledgers, the ending cash balance is unreliable; therefore, we have issued a qualified opinion on the financial statement due to this matter.

There were no review procedures in place, as described in finding 2017-004, to eliminate or reduce errors. The jailer switched commissary providers during the fiscal year. No reports, other than those printed prior to the switch were available.

Good internal controls dictate that adequate controls and sufficient review is necessary to reduce the risk of errors and misstatements. Segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, and preparing monthly reports, or the implementation of compensating controls, is essential for providing protection from asset misappropriation and inaccurate financial reporting. Based on the minimum accounting and reporting standards as prescribed in the *County Budget Preparation and State Local Finance Officer Policy Manual* by the state local finance officer pursuant to KRS 68.210, the jail should prepare checkout sheets and make deposits daily. Receipts should be issued numerically and accounted for daily. All three copies of voided receipts should be maintained.

The cumulative effect of these control weaknesses increases the risk of material misstatement caused by error or fraud. This risk results in the need to alert management of the necessity to improve controls over the financial activities of the office.

We recommend the following:

- The jailer should separate duties involved in receiving cash, preparing deposits, preparing daily checkout sheets, and posting to ledgers.
- All collections should be deposited each day that the commissary is open.
- Pre-numbered receipts in triplicate should be written and maintained for all collections at the jail.
- Receipts should be issued in numerical sequence and properly accounted for.
- Receipts should be batched daily and total collections for the day should be agreed to total receipts.
- Checkout sheets should be prepared daily and should agree to batched receipt tickets, bank deposits, and the receipts journal.
- All three copies of voided receipts should be maintained.
- Reconciled cash balances in the inmate account should be compared to total inmate funds entrusted the jailer.
- Reports supporting commissary collections should be maintained.

**GRANT COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2017  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-005 The Grant County Detention Center Failed To Implement Strong Controls Over Receipts For The Jail Commissary And Inmate Trust Funds (Continued)

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Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: No response provided.*

*County Jailer's Response: 1.) During the 2017 Fiscal Year, there was only a part-time book-keeper; therefore deposits could only be made when the bookkeeper was available to work. 2.) Receipt oversight and procedure has been corrected with the full time bookkeeper position.*

2017-006 The Grant County Detention Center Lacks Adequate Controls Over Disbursements

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This is a repeat finding and was included in the prior year audit report as finding 2016-005. The jailer's office lacks strong internal controls over disbursements. The lack of adequate review over disbursements and failure to adhere to the administrative policy led to multiple discrepancies. Due to the lack of effective controls, numerous exceptions were noted as follows:

- An overpayment to a vendor, totaling \$4,760, went undetected for several months with the bank reconciliation resulting in a negative reconciled balance.
- Out of our sample of 30 disbursements, two checks totaling \$8,181, had no supporting documentation.
- Payments to the commissary provider were more than two months late.
- Disbursements to inmates for closeout did not have inmate or employee signatures.
- Stale dated checks, totaling \$12,967, dating back to June 2014 were not written off timely. They were written off in February 2017.
- Checks from the commissary account were not written in numerical sequence.
- The jailer keeps blank signed checks on hand for purchases while he is away from the detention center.

There were no review procedures in place, as described in finding 2017-004, to eliminate or reduce errors. Good internal controls dictate that adequate controls and sufficient review is necessary to reduce the risk of errors and misstatements. Good internal controls require all disbursements should be for allowable disbursements, be properly authorized, and be adequately documented. Per KRS 441.137, any monies in an inmate account or prisoner canteen account of a jail that are presumed abandoned (one year after the date the check is mailed or, if an attempt to call is made, the date of the phone call) shall be transferred into the Jail Commissary account and be available for the purposes set out in KRS 441.135.

Good internal controls dictate all disbursements should be for allowable disbursements, be properly authorized, and be adequately documented.

The cumulative effect of these control weaknesses increases the risk of material misstatement caused by error or fraud. This risk results in the need to alert management of the necessity to improve controls over the financial activities of the office. Failure to deposit all abandoned inmate monies and commissary profits into the jail commissary account results in noncompliance of KRS 441.137.

**GRANT COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2017  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-006 The Grant County Detention Center Lacks Adequate Controls Over Disbursements (Continued)

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We recommend the following improvements:

- Properly authorizing and reviewing all disbursements
- Paying all invoices in a timely manner
- Ensuring inmate release reports are signed by the inmate and an employee
- Writing off stale dated checks within one year from date determined abandoned
- Adequately documenting and supporting disbursements
- Writing checks in numerical order, and
- Ceasing the practice of signing blank checks

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: No response provided.*

*County Jailer's Response: 1.) Payments will be done to commissary in a timely manner, considering the previous commissary company was months behind on their bills this will assist in correcting this issue. 2.) Stale dated checks will be written off timely. However it should be taken in to consideration those checks were written when I took office in 2015 and you have to wait a year before you can write them off. We were also trying to locate the individuals before writing them off as well. 3.) The overpayment did not go unnoticed; we had to reach out to the vendor. It took time to get it back. This will be addressed in the next term so it doesn't happen again. 4.) I as the Jailer am the fiduciary of the canteen account and have constant control of the checks while they are in my possession. No checks have ever been lost and the account has never been comprised.*

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

**GRANT COUNTY FISCAL COURT**

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

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
GRANT COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2017

The Grant 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