

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

**For The Year Ended
June 30, 2023**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable John Frank, Green County Judge/Executive
Members of the Green County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Green County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Green County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Green County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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 section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Green County Fiscal Court, for the year ended June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Green County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable John Frank, Green County Judge/Executive
Members of the Green 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 Green 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 and pervasive.

Responsibilities of Management for the Financial Statement

Green County Fiscal Court's management is responsible for the preparation and fair presentation of the 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 Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Green County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Green County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky
The Honorable Andy Beshear, Governor
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Auditor's Responsibilities for the Audit of the Financial Statement (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 9 to the financial statement, the fiscal court reports several significant related party transactions. Our opinion is not modified with respect to this matter.

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

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

Other Information

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the People of Kentucky
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2024, on our consideration of the Green 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 solely 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 effectiveness of 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 Green 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:

- 2023-001 The Green County Fiscal Court Did Not Budget Food Pantry Fund Disbursements Of \$299,903
- 2023-002 The Green County Fiscal Court Had Inadequate Controls Over Disbursements

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 30, 2024

GREEN COUNTY OFFICIALS
For The Year Ended June 30, 2023

Fiscal Court Members:

John H. Frank	County Judge/Executive
Tim Darnell	Magistrate
Charles Judd	Magistrate
Terry Aaron	Magistrate
Andrew Parson	Magistrate
Steve Lewis	Magistrate

Other Elected Officials:

Russell Goff	County Attorney
Tommy Pepper	Jailer
Jessica Baker	County Clerk
Ann Arnett	Circuit Court Clerk (7/1/2022 to 7/31/2022)
Karen Gilpin	Circuit Court Clerk (8/1/2022 to 6/30/2023)
Robert Beard	Sheriff
Sean Curry	Property Valuation Administrator
David Taylor	Coroner

Appointed Personnel:

Sharon Abell	County Treasurer
Andrea Durrett	Finance Officer

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 1,094,284	\$	\$	\$
Excess Fees	166,821			
Licenses and Permits	64,142			
Intergovernmental	1,384,174	1,420,726	82,298	106,036
Charges for Services	50,000	25,256		
Miscellaneous	76,889	262,938	7,789	
Interest	1,917	718	59	133
Total Receipts	<u>2,838,227</u>	<u>1,709,638</u>	<u>90,146</u>	<u>106,169</u>
DISBURSEMENTS				
General Government	1,200,043			76,734
Protection to Persons and Property	32,727		270,660	34,084
General Health and Sanitation	74,228	5,568		6,271
Social Services	2,000			
Recreation and Culture	36,697			535
Roads		1,729,570		
Debt Service				
Capital Projects		186,094		
Administration	344,699	592,261	19,260	
Total Disbursements	<u>1,690,394</u>	<u>2,513,493</u>	<u>289,920</u>	<u>117,624</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,147,833</u>	<u>(803,855)</u>	<u>(199,774)</u>	<u>(11,455)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	578,281	700,000	220,000	
Transfers To Other Funds	(300,000)			(19,000)
Total Other Adjustments to Cash (Uses)	<u>278,281</u>	<u>700,000</u>	<u>220,000</u>	<u>(19,000)</u>
Net Change in Fund Balance	1,426,114	(103,855)	20,226	(30,455)
Fund Balance - Beginning	543,618	283,457	21,282	98,739
Fund Balance - Ending	<u>\$ 1,969,732</u>	<u>\$ 179,602</u>	<u>\$ 41,508</u>	<u>\$ 68,284</u>
Composition of Fund Balance				
Bank Balance	\$ 1,970,675	\$ 182,790	\$ 62,072	\$ 68,329
Less: Outstanding Checks	(943)	(3,188)	(20,564)	(45)
Fund Balance - Ending	<u>\$ 1,969,732</u>	<u>\$ 179,602</u>	<u>\$ 41,508</u>	<u>\$ 68,284</u>

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

GREEN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

Budgeted Funds						
American Rescue Plan Act Fund	Forest Fire Fund	Park Fund	Emergency 911 Fund	911 CMRS Fund	Utility Assistance Fund	County Clerk Storage Fee Fund
\$	\$ 1,112	\$	\$ 56,524	\$	\$	\$
		6,000		165,424		
		23,450	11,200			
		33,370			7,500	20,250
1,045	1	21	26	327		82
<u>1,045</u>	<u>1,113</u>	<u>62,841</u>	<u>67,750</u>	<u>165,751</u>	<u>7,500</u>	<u>20,332</u>
	1,086		135,983	170,983		
		102,580			7,500	
19,174						
<u>19,174</u>	<u>1,086</u>	<u>102,580</u>	<u>135,983</u>	<u>170,983</u>	<u>7,500</u>	
(18,129)	27	(39,739)	(68,233)	(5,232)		20,332
		44,000	55,000			
(1,278,281)						
<u>(1,278,281)</u>		<u>44,000</u>	<u>55,000</u>			
(1,296,410)	27	4,261	(13,233)	(5,232)		20,332
1,461,938	1,092	4,579	42,816	134,117		
<u>\$ 165,528</u>	<u>\$ 1,119</u>	<u>\$ 8,840</u>	<u>\$ 29,583</u>	<u>\$ 128,885</u>	<u>\$ 0</u>	<u>\$ 20,332</u>
\$ 165,528	\$ 1,119	\$ 12,426	\$ 29,583	\$ 128,885	\$	\$ 20,332
		(3,586)				
<u>\$ 165,528</u>	<u>\$ 1,119</u>	<u>\$ 8,840</u>	<u>\$ 29,583</u>	<u>\$ 128,885</u>	<u>\$ 0</u>	<u>\$ 20,332</u>

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

GREEN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

	<u>Budgeted Funds</u>		<u>Unbudgeted Funds</u>	
	<u>Opioid Settlement Fund</u>	<u>Food Pantry Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$	\$	\$	\$ 1,151,920
Excess Fees				166,821
Licenses and Permits				64,142
Intergovernmental		299,874	825,713	4,290,245
Charges for Services				109,906
Miscellaneous	45,141			453,877
Interest	276	29		4,634
Total Receipts	<u>45,417</u>	<u>299,903</u>	<u>825,713</u>	<u>6,241,545</u>
DISBURSEMENTS				
General Government				1,276,777
Protection to Persons and Property				645,523
General Health and Sanitation				86,067
Social Services		299,903		309,403
Recreation and Culture				139,812
Roads				1,729,570
Debt Service			825,713	825,713
Capital Projects				186,094
Administration				975,394
Total Disbursements		<u>299,903</u>	<u>825,713</u>	<u>6,174,353</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>45,417</u>			<u>67,192</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				1,597,281
Transfers To Other Funds				(1,597,281)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	45,417			67,192
Fund Balance - Beginning		1	3,356	2,594,995
Fund Balance - Ending	<u>\$ 45,417</u>	<u>\$ 1</u>	<u>\$ 3,356</u>	<u>\$ 2,662,187</u>
Composition of Fund Balance				
Bank Balance	\$ 45,417	\$ 1	\$ 3,356	\$ 2,690,513
Less: Outstanding Checks				(28,326)
Fund Balance - Ending	<u>\$ 45,417</u>	<u>\$ 1</u>	<u>\$ 3,356</u>	<u>\$ 2,662,187</u>

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

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TO THE FINANCIAL STATEMENT**

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**GREEN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Green County includes all budgeted and unbudgeted funds under the control of the Green 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 for and on behalf of, and as the agency and instrumentality of 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 governments 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.

GREEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(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.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for federal receipts and disbursements associated with the American Rescue Plan Act.

Forest Fire Fund - The primary purpose of this fund is to account for the collection and payment of property taxes collected for timberland acres located within Green County. The primary source of receipts for this fund is property taxes collected by the Green County Sheriff.

Park Fund - The primary purpose of this fund is to account for receipts and disbursements associated the park in Green County. The primary sources of receipts for this fund are the collection of donations and sign up fees for the baseball and softball fields.

Emergency 911 Fund - The primary purpose of this fund is to provide emergency dispatch services for the citizens of Green County. The primary source of receipts for this fund is the collection of 911 fees charged to local telephone service bills.

911 CMRS Fund - The primary purpose of this fund is to provide support to the City of Greensburg for the purchase of emergency 911 equipment. The primary source of receipts for this fund is wireless telephone 911 surcharges.

Utility Assistance Fund - The primary purpose of this fund is to provide support for utility payments through a federal grant. The primary source of receipts for this fund is a federal grant. The federal grant funds were returned by the subrecipient because they were not used within the required period. The fiscal court returned the funds to the grantor.

County Clerk Storage Fee Fund - The primary purpose of this fund is to account for storage fees collected by the county clerk and disbursements related to permanent storage for the county clerk's office. These funds are required to be held and budgeted by the county treasurer for the use of the county clerk.

Opioid Settlement Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the funds received from the state's settlement with three major pharmaceutical distributors in the United States.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Food Pantry Fund - The primary purpose of this fund is to account for the federal grant funds received for the construction of the new food pantry building. However, the fiscal court did not budget this fund as required by the Department for Local Government.

GREEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

Public Properties Corporation Fund - The primary purpose of this fund is to account for the debt service requirements of the revenue bond that was issued to fund construction of the Green County Judicial Center.

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, 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.

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 public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Green County Elected Officials

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

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

GREEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

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

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

GREEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2023.

	General Fund	LGEA Fund	American Rescue Plan Act Fund	Total Transfers In
General Fund	\$	\$	\$ 578,281	\$ 578,281
Road Fund			700,000	700,000
Jail Fund	220,000			220,000
Park Fund	25,000	19,000		44,000
Emergency 911 Fund	55,000			55,000
Total Transfers Out	<u>\$ 300,000</u>	<u>\$ 19,000</u>	<u>\$ 1,278,281</u>	<u>\$ 1,597,281</u>

Reason for transfers:

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

Note 4. Leases

A. Lessor

1. Administrative Office of the Courts – Judicial Center

On August 1, 2016, the Green County Public Properties Corporation, a blended component unit of the fiscal court, began leasing the judicial center to the Administrative Office of the Courts (AOC). The lease is for two year periods and the rental payments shall agree to the annual principal and interest costs on the bonds issued for the financing of the building construction. On July 1 of each even numbered year, the lease may be renewed by AOC, for another biennial period of two years. The lease renewal shall automatically be considered to have affirmatively exercised each even numbered year by AOC, unless notice of its election not to exercise the option for the biennial period be given by AOC to the corporation, the trustee, and the county in writing at least 60 days prior to the renewal date hereof. Rental payments are due at least two business days prior to February 1 and August 1. The corporation recognized \$824,213 in lease revenue during the current fiscal year. As of June 30, 2023, the corporation's receivable for lease payments was \$4,125,763.

Note 5. Long-term Debt

A. Other Debt

1. First Mortgage Revenue Refunding Bonds – Series 2016

On August 17, 2016, the Green County Public Properties Corporation issued First Mortgage Revenue Refunding Bonds (Judicial Center Project), Series 2016 in the amount of \$7,175,000 to retire part of the Public Properties Corporation Lease Revenue Bonds (Judicial Center Project), Series 2008. The fiscal court authorized the refunding at a variable interest rate between 1.00% and 2.25%. The fiscal court utilized \$7,060,790 of the principal to place in an escrow account for the Series 2008 Bonds to be paid in February 2018.

GREEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 5. Long-term Debt (Continued)

A. Other Debt (Continued)

1. First Mortgage Revenue Refunding Bonds – Series 2016 (Continued)

The bonds require annual principal payments starting February 1, 2019 and semiannual interest payments on February 1 and August 1. A mortgage has been issued secured by the judicial center. In the event of default, the judicial center will be repossessed by the financial institution. The corporation has entered into an agreement to lease the Green County Judicial Center to the Administrative Office of the Courts, Commonwealth of Kentucky, for the amount of the bond payments. Principal outstanding as of June 30, 2023 was \$3,880,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 745,000	\$ 79,613
2025	765,000	64,712
2026	775,000	49,413
2027	790,000	33,912
2028	<u>805,000</u>	<u>18,113</u>
Totals	<u>\$ 3,880,000</u>	<u>\$ 245,763</u>

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 4,610,000	\$	\$ 730,000	\$ 3,880,000	\$ 745,000
Total Long-term Debt	<u>\$ 4,610,000</u>	<u>\$ 0</u>	<u>\$ 730,000</u>	<u>\$ 3,880,000</u>	<u>\$ 745,000</u>

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2023, were as follows:

Fiscal Year Ended June 30	Other Debt	
	Principal	Interest
2024	\$ 745,000	\$ 79,613
2025	765,000	64,712
2026	775,000	49,413
2027	790,000	33,912
2028	<u>805,000</u>	<u>18,113</u>
Totals	<u>\$ 3,880,000</u>	<u>\$ 245,763</u>

GREEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). 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. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$214,790, FY 2022 was \$244,455, and FY 2023 was \$254,779.

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 Ky. Ret. Sys. 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 Ky. Ret. Sys. 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 26.79 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:

GREEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

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

Benefits are covered under KRS 78.5536.

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

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

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

Tier 2 member benefits are covered by KRS 78.5536. 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 Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

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

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

GREEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

E. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KPPA 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.

F. Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. 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 Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA 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

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

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

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

Note 8. Insurance

For the fiscal year ended June 30, 2023, the Green 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.

GREEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 9. Related Party Transactions

- A. One of the elected magistrates is employed by a paving company that provides services to the Green County Fiscal Court. The fiscal court paid a total of \$1,025,337 on road products and services from this company during the fiscal year ending June 30, 2023. The magistrate abstains from any voting on any transactions involving this company.
- B. The county judge/executive's son-in-law is the president of one of the federally insured banking institutions where the Green County Fiscal Court maintained deposits of public funds. The fiscal court maintains the bank accounts for the county clerk storage fee fund, opioid settlement fund, and the food pantry fund at this banking institution. As of June 30, 2023, the fiscal court had deposits of \$65,750 at this banking institution which was two percent of their total public funds of \$2,690,513 at banking institutions. As of June 30, 2023, all deposits at this banking institution were covered by FDIC insurance or a properly executed collateral security agreement. The county judge/executive abstains from any voting on any transactions involving this banking institution.
- C. The Green County Fiscal Court rents office space for the county attorney. The rental payments are made to the county attorney. The fiscal court paid a total of \$2,400 for rent to the county attorney during the fiscal year ending June 30, 2023.

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GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 934,000	\$ 934,000	\$ 1,094,284	\$ 160,284
Excess Fees	126,500	189,446	166,821	(22,625)
Licenses and Permits	59,700	59,700	64,142	4,442
Intergovernmental	198,200	1,334,910	1,384,174	49,264
Charges for Services	1,000	51,000	50,000	(1,000)
Miscellaneous	16,000	16,000	76,889	60,889
Interest	300	300	1,917	1,617
Total Receipts	<u>1,335,700</u>	<u>2,585,356</u>	<u>2,838,227</u>	<u>252,871</u>
DISBURSEMENTS				
General Government	1,055,150	2,236,071	1,200,043	1,036,028
Protection to Persons and Property	34,725	37,222	32,727	4,495
General Health and Sanitation	56,651	76,244	74,228	2,016
Social Services	2,000	2,000	2,000	
Recreation and Culture	14,200	61,627	36,697	24,930
Administration	682,325	1,128,287	344,699	783,588
Total Disbursements	<u>1,845,051</u>	<u>3,541,451</u>	<u>1,690,394</u>	<u>1,851,057</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(509,351)</u>	<u>(956,095)</u>	<u>1,147,833</u>	<u>2,103,928</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			578,281	578,281
Transfers To Other Funds	(245,000)	(245,000)	(300,000)	(55,000)
Total Other Adjustments to Cash (Uses)	<u>(245,000)</u>	<u>(245,000)</u>	<u>278,281</u>	<u>523,281</u>
Net Change in Fund Balance	(754,351)	(1,201,095)	1,426,114	2,627,209
Fund Balance - Beginning	<u>754,351</u>	<u>754,351</u>	<u>543,618</u>	<u>(210,733)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (446,744)</u>	<u>\$ 1,969,732</u>	<u>\$ 2,416,476</u>

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,467,486	\$ 1,527,310	\$ 1,420,726	\$ (106,584)
Charges for Services	25,500	25,500	25,256	(244)
Miscellaneous	201,100	415,000	262,938	(152,062)
Interest	500	500	718	218
Total Receipts	<u>1,694,586</u>	<u>1,968,310</u>	<u>1,709,638</u>	<u>(258,672)</u>
DISBURSEMENTS				
General Government	10,000			
General Health and Sanitation	1,500	5,822	5,568	254
Roads	1,300,839	2,114,202	1,729,570	384,632
Capital Projects	190,000	240,131	186,094	54,037
Administration	329,747	706,673	592,261	114,412
Total Disbursements	<u>1,832,086</u>	<u>3,066,828</u>	<u>2,513,493</u>	<u>553,335</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(137,500)</u>	<u>(1,098,518)</u>	<u>(803,855)</u>	<u>294,663</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			700,000	700,000
Total Other Adjustments to Cash (Uses)			<u>700,000</u>	<u>700,000</u>
Net Change in Fund Balance	(137,500)	(1,098,518)	(103,855)	994,663
Fund Balance - Beginning	<u>137,500</u>	<u>283,456</u>	<u>283,457</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (815,062)</u>	<u>\$ 179,602</u>	<u>\$ 994,664</u>

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 90,700	\$ 90,700	\$ 82,298	\$ (8,402)
Miscellaneous	750	750	7,789	7,039
Interest	50	50	59	9
Total Receipts	<u>91,500</u>	<u>91,500</u>	<u>90,146</u>	<u>(1,354)</u>
DISBURSEMENTS				
Protection to Persons and Property	287,800	292,327	270,660	21,667
Administration	57,700	56,438	19,260	37,178
Total Disbursements	<u>345,500</u>	<u>348,765</u>	<u>289,920</u>	<u>58,845</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(254,000)</u>	<u>(257,265)</u>	<u>(199,774)</u>	<u>57,491</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	
Total Other Adjustments to Cash (Uses)	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	
Net Change in Fund Balance	(34,000)	(37,265)	20,226	57,491
Fund Balance - Beginning	<u>34,000</u>	<u>34,000</u>	<u>21,282</u>	<u>(12,718)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (3,265)</u>	<u>\$ 41,508</u>	<u>\$ 44,773</u>

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 106,036	\$ 46,036
Interest			133	133
Total Receipts	<u>60,000</u>	<u>60,000</u>	<u>106,169</u>	<u>46,169</u>
DISBURSEMENTS				
General Government	3,000	78,184	76,734	1,450
Protection to Persons and Property	45,000	45,425	34,084	11,341
General Health and Sanitation	5,500	7,000	6,271	729
Social Services	1,500	1,500		1,500
Recreation and Culture	2,000	2,000	535	1,465
Administration	82,000	5,101		5,101
Total Disbursements	<u>139,000</u>	<u>139,210</u>	<u>117,624</u>	<u>21,586</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(79,000)</u>	<u>(79,210)</u>	<u>(11,455)</u>	<u>67,755</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,000)</u>	<u>1,000</u>
Total Other Adjustments to Cash (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,000)</u>	<u>1,000</u>
Net Change in Fund Balance	(99,000)	(99,210)	(30,455)	68,755
Fund Balance - Beginning	<u>99,000</u>	<u>99,000</u>	<u>98,739</u>	<u>(261)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (210)</u>	<u>\$ 68,284</u>	<u>\$ 68,494</u>

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$	\$	\$ 1,045	\$ 1,045
Total Receipts			1,045	1,045
DISBURSEMENTS				
Administration	1,461,580	183,656	19,174	164,482
Total Disbursements	1,461,580	183,656	19,174	164,482
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,461,580)	(183,656)	(18,129)	165,527
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,278,281)	(1,278,281)
Total Other Adjustments to Cash (Uses)			(1,278,281)	(1,278,281)
Net Change in Fund Balance	(1,461,580)	(183,656)	(1,296,410)	(1,112,754)
Fund Balance - Beginning	1,461,580	1,461,937	1,461,938	1
Fund Balance - Ending	\$ 0	\$ 1,278,281	\$ 165,528	\$ (1,112,753)

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	FOREST FIRE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,500	\$ 1,500	\$ 1,112	\$ (388)
Interest	3	3	1	(2)
Total Receipts	<u>1,503</u>	<u>1,503</u>	<u>1,113</u>	<u>(390)</u>
DISBURSEMENTS				
Protection to Persons and Property	2,130	2,130	1,086	1,044
Administration	473	473		473
Total Disbursements	<u>2,603</u>	<u>2,603</u>	<u>1,086</u>	<u>1,517</u>
Net Change in Fund Balance	(1,100)	(1,100)	27	1,127
Fund Balance - Beginning	<u>1,100</u>	<u>1,100</u>	<u>1,092</u>	<u>(8)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,119</u>	<u>\$ 1,119</u>

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	PARK FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 6,000	\$ 6,000	\$ 6,000	\$
Charges for Services	22,000	22,000	23,450	1,450
Miscellaneous	19,500	35,265	33,370	(1,895)
Interest	25	25	21	(4)
Total Receipts	<u>47,525</u>	<u>63,290</u>	<u>62,841</u>	<u>(449)</u>
DISBURSEMENTS				
Recreation and Culture	64,590	104,067	102,580	1,487
Administration	11,435	723		723
Total Disbursements	<u>76,025</u>	<u>104,790</u>	<u>102,580</u>	<u>2,210</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(28,500)</u>	<u>(41,500)</u>	<u>(39,739)</u>	<u>1,761</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>20,000</u>	<u>20,000</u>	<u>44,000</u>	<u>24,000</u>
Total Other Adjustments to Cash (Uses)	<u>20,000</u>	<u>20,000</u>	<u>44,000</u>	<u>24,000</u>
Net Change in Fund Balance	(8,500)	(21,500)	4,261	25,761
Fund Balance - Beginning	<u>8,500</u>	<u>8,500</u>	<u>4,579</u>	<u>(3,921)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (13,000)</u>	<u>\$ 8,840</u>	<u>\$ 21,840</u>

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	EMERGENCY 911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 70,000	\$ 70,000	\$ 56,524	\$ (13,476)
Charges for Services	11,200	11,200	11,200	
Interest	40	40	26	(14)
Total Receipts	<u>81,240</u>	<u>81,240</u>	<u>67,750</u>	<u>(13,490)</u>
DISBURSEMENTS				
Protection to Persons and Property	130,000	135,983	135,983	
Administration	18,240	13,073		13,073
Total Disbursements	<u>148,240</u>	<u>149,056</u>	<u>135,983</u>	<u>13,073</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(67,000)</u>	<u>(67,816)</u>	<u>(68,233)</u>	<u>(417)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>25,000</u>	<u>25,000</u>	<u>55,000</u>	<u>30,000</u>
Total Other Adjustments to Cash (Uses)	<u>25,000</u>	<u>25,000</u>	<u>55,000</u>	<u>30,000</u>
Net Change in Fund Balance	(42,000)	(42,816)	(13,233)	29,583
Fund Balance - Beginning	<u>42,000</u>	<u>42,816</u>	<u>42,816</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,583</u>	<u>\$ 29,583</u>

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	911 CMRS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 165,424	\$ 25,424
Interest	200	200	327	127
Total Receipts	<u>140,200</u>	<u>140,200</u>	<u>165,751</u>	<u>25,551</u>
DISBURSEMENTS				
Protection to Persons and Property	178,200	178,200	170,983	7,217
Administration	58,000	96,117		96,117
Total Disbursements	<u>236,200</u>	<u>274,317</u>	<u>170,983</u>	<u>103,334</u>
Net Change in Fund Balance	(96,000)	(134,117)	(5,232)	128,885
Fund Balance - Beginning	<u>96,000</u>	<u>134,117</u>	<u>134,117</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 128,885</u>	<u>\$ 128,885</u>

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

UTILITY ASSISTANCE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$	\$ 7,500	\$ 7,500	\$
Total Receipts		7,500	7,500	
DISBURSEMENTS				
Social Services		7,500	7,500	
Total Disbursements		7,500	7,500	
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

COUNTY CLERK STORAGE FEE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 18,500	\$ 20,250	\$ 1,750
Interest			82	82
Total Receipts		18,500	20,332	1,832
DISBURSEMENTS				
Administration		18,500		18,500
Total Disbursements		18,500		18,500
Net Change in Fund Balance			20,332	20,332
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 20,332	\$ 20,332

GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

OPIOID SETTLEMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 45,141	\$ 45,141	\$
Interest			276	276
Total Receipts		45,141	45,417	276
DISBURSEMENTS				
Administration		45,141		45,141
Total Disbursements		45,141		45,141
Net Change in Fund Balance			45,417	45,417
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 45,417	\$ 45,417

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

June 30, 2023

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, 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.

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

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

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

For The Year Ended June 30, 2023

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GREEN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	(*Restated) Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements *	\$ 931,000	\$	\$	\$ 931,000
Construction In Progress *	89,108	335,402	424,510	
Buildings	12,254,967	424,510		12,679,477
Equipment	1,301,925	380,269	127,940	1,554,254
Vehicles *	594,113	497,560	145,422	946,251
Infrastructure	12,932,537	631,758		13,564,295
 Total Capital Assets	 <u>\$ 28,103,650</u>	 <u>\$ 2,269,499</u>	 <u>\$ 697,872</u>	 <u>\$ 29,675,277</u>

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

June 30, 2023

Note 1. Capital Assets

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	40-50
Buildings and Building Improvements	\$ 25,000	40-50
Vehicles	\$ 5,000	5-15
Machinery and Equipment	\$ 10,000	7-30
Infrastructure	\$ 25,000	12-50

Note 2. Prior Year Adjustments

The beginning balances reported on the Schedule of Capital Assets for land and land improvements, construction in progress, and vehicles have been restated.

Beginning Balance From Prior Year Audit Report	\$ 27,994,843
Less: Land rounding adjustment	(1)
Add: Construction In Progress not included in prior year	89,108
Add: Vehicle removed by error in prior year	<u>19,700</u>
Restated Beginning Balance	<u>\$ 28,103,650</u>

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

The Honorable John Frank, Green County Judge/Executive
Members of the Green County Fiscal Court

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 Green County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Green County Fiscal Court's financial statement and have issued our report thereon dated July 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Green County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Green County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Green 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 have not been 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 2023-001 and 2023-002 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)

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Green County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 as items 2023-001 and 2023-002.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Green County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

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,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 30, 2024

**GREEN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

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**GREEN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

FINANCIAL STATEMENT FINDINGS:

2023-001 The Green County Fiscal Court Did Not Budget Food Pantry Fund Disbursements Of \$299,903

The Green County Fiscal Court did not budget food pantry fund disbursements of \$299,903. The fiscal court's fourth quarter financial statement as of June 30, 2023, showed the original budget for the food pantry fund disbursements in the amount of \$337,441; however, this amount was not included on the original budget approved by the fiscal court for fiscal year 2023. Therefore, during fiscal year 2023, the fiscal court spent \$299,903 to construct a food pantry that was not budgeted.

According to the county treasurer, the food pantry fund was inadvertently not included in the original budget. Since a budgeted amount of \$337,441 was entered into the financial statement by mistake, the county treasurer and finance officer did not realize the food pantry fund disbursements were not budgeted. Due to this oversight, the fiscal court spent funds without budgeting them, and the fourth quarter financial report included an amount that was not included in the approved original budget for the 2023 fiscal year.

Strong internal controls dictate that only approved budget amounts should be reported on the fourth quarter financial statement. Also, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* which requires "[a]ll reports should be tested for accuracy before electronic submission to the State Local Finance Officer."

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." In addition, KRS 68.280 gives fiscal courts the ability to amend the budget when necessary, which would have prevented appropriations from exceeding the approved budget. Additionally, Section 4.4(D) County Procedures for County Treasurer of the Green County Administrative Code adopted July 15, 2021, which was in effect until September 26, 2023, states "[n]o appropriations may be made which exceed adopted budget amounts."

We recommend the fiscal court comply with KRS 68.300 and KRS 68.280 by budgeting all fiscal court disbursements and amending the budget as necessary to reflect all receipts and disbursements involving obligations of the fiscal court. In addition, we recommend the fiscal court strengthen internal controls over financial reporting to ensure that all amounts reported on the fourth quarter financial report agree to budgeted amounts approved by the fiscal court.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: We will either budget all fiscal court disbursements and amend the budget as necessary to reflect all receipts and disbursements. The County Judge-Executive, Finance Officer, and Treasurer will work together to strengthen internal controls over financial reporting.

**GREEN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-002 The Green County Fiscal Court Had Inadequate Controls Over Disbursements

During fiscal year 2023, the Green County Fiscal Court had internal control deficiencies and noncompliances regarding disbursements. The following findings were noted with the fiscal court's disbursements:

- Two of the 105 invoices tested in the amount of \$93,800 did not have purchase orders issued, while 33 of the 105 invoices tested in the amount of \$1,554,551 had purchase orders dated after the invoice date.
- This fiscal court did not approve change orders prior to the work being completed for the project constructing the food pantry. This project had two change orders in the amount of \$9,983 and \$11,584.
- The fiscal court did not approve the purchase of a truck in the amount of \$169,589 prior to the purchase being made.

When the fiscal court approves obtaining a vehicle or equipment prior to purchasing the item or approves a contract or project prior to the work being completed, the finance officer stated that she does not always issue a purchase order or does not issue the purchase order until she receives the invoices. The county judge/executive stated he did not realize change orders for projects had to be approved by the fiscal court prior to the work being completed. He also stated the fiscal court discussed the purchase of the truck but inadvertently failed to vote to purchase it.

Due to the fiscal court's failure to establish effective internal controls over disbursements, the instances of noncompliance reflected above occurred. These control deficiencies could also result in line-items being over budget, claims being paid which are not valid obligations of the fiscal court, inaccurate reporting, and misappropriation of assets.

Good internal controls dictate that controls over disbursements be maintained to ensure purchase orders are only created when sufficient funds are available and taxpayer funds are used appropriately. In addition, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* which requires a purchase order system for all counties and each fiscal court is responsible for ensuring their purchase order system is executed and working properly. According to a memorandum from the Department for Local Government (DLG) dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 5[7] of the *County Budget Preparation and State Local Finance Officer Policy Manual*." Furthermore, DLG highly recommends that counties accept the practice of issuing purchase orders for payroll and utility claims. The manual further states "[p]urchases shall not be made without approval by the judge/executive (or designee), and/or a department head" and "[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."

KRS 67.710(1) and Section 2.1(B)(1) County Judge/Executive of the Green County Administrative Code adopted July 15, 2021, which was in effect until September 26, 2023, states county/executive's responsibilities shall include to "[p]rovide for the execution of all ordinances and resolutions of the fiscal court, execute all contracts entered into by the fiscal court, and provide for the execution of all laws by the state subject to enforcement by him or by officers who are under his direction and supervision[.]"

**GREEN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-002 The Green County Fiscal Court Had Inadequate Controls Over Disbursements (Continued)

In addition, Section 8.1 Authorization of County Contracts of the administrative code in effect for fiscal year 2023, states “[e]very contract, change or amendment thereto, shall be authorized or approved by the Fiscal Court before being executed by the County Judge, except for small purchases. The County Attorney shall review every contract or invitation for bids for contracts of the County, as to form and legality except for contracts for small purchases.” Section 8.6(A) of the administrative code in effect for fiscal year 2023 states “[a]ll expenditures of less than \$30,000 shall be considered a ‘small purchase’ and are not subject to competitive bidding.”

We recommend the Green County Fiscal Court improve procedures over disbursements by strengthening their internal controls over purchase orders and ensuring that purchase orders are issued prior to all purchases. We also recommend the fiscal court approve all change orders on projects and all purchases of vehicles prior to the work or purchase being completed.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The Green County Fiscal Court will strengthen internal controls and ensure purchase orders are issued prior to all purchases. Also, the Court will approve all change orders on projects and vehicle purchases prior to the work or purchase being completed.

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

GREEN COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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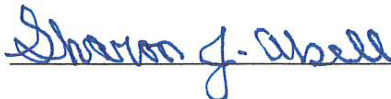
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
GREEN COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Green 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