

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

**For The Year Ended
June 30, 2021**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Robert W. Carpenter, Greenup County Judge/Executive
Members of the Greenup 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 Greenup County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the Greenup County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Robert W. Carpenter, Greenup County Judge/Executive
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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 Greenup 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 Greenup County Fiscal Court as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Greenup County Fiscal Court as of June 30, 2021, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government as described in Note 1.

Other Matters

Supplementary and Other Information

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

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Robert W. Carpenter, Greenup County Judge/Executive
Members of the Greenup County Fiscal Court

Other Matters (Continued)

Supplementary and Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of the Greenup 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 Greenup County Fiscal Court's internal control over financial reporting and compliance.

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

- 2021-001 The Jail Does Not Have Adequate Segregation Of Duties Over Jail Commissary Transactions
- 2021-002 The Jail Commissary Purchased Electronic Cigarettes Without Obtaining Bids

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

March 30, 2022

GREENUP COUNTY OFFICIALS**For The Year Ended June 30, 2021****Fiscal Court Members:**

Robert W. Carpenter	County Judge/Executive
Andrew Imel	Commissioner
Tony Quillen	Commissioner
Earnie Duty	Commissioner

Other Elected Officials:

Michael Wilson	County Attorney
Michael Worthington	Jailer
Patricia Hieneman	County Clerk
Allen Reed	Circuit Court Clerk
Matt Smith	Sheriff
Bobby Hall	Property Valuation Administrator
Leslie Neil Wright	Coroner

Appointed Personnel:

Sharon Bates	County Treasurer
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GREENUP COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2021

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

For The Year Ended June 30, 2021

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 5,689,236	\$	\$
Excess Fees	399,862		
Licenses and Permits	77,785		
Intergovernmental	640,887	1,840,683	638,390
Charges for Services	4,591		85,469
Miscellaneous	3,571,624	497,334	9,343
Interest	46,083	355	378
Total Receipts	<u>10,430,068</u>	<u>2,338,372</u>	<u>733,580</u>
DISBURSEMENTS			
General Government	1,713,688		
Protection to Persons and Property	211,599		1,514,128
General Health and Sanitation	132,183		
Social Services	126,498		
Recreation and Culture	34,440		
Roads		3,000,508	
Other Transportation Facilities and Services			
Debt Service	335,000	176,129	
Capital Projects	99,133	79,080	
Administration	1,209,077	535,130	571,972
Total Disbursements	<u>3,861,618</u>	<u>3,790,847</u>	<u>2,086,100</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>6,568,450</u>	<u>(1,452,475)</u>	<u>(1,352,520)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	265,637	1,450,000	1,456,640
Transfers To Other Funds	(2,101,000)		
Total Other Adjustments to Cash (Uses)	<u>(1,835,363)</u>	<u>1,450,000</u>	<u>1,456,640</u>
Net Change in Fund Balance	4,733,087	(2,475)	104,120
Fund Balance - Beginning (Restated)	<u>3,017,387</u>	<u>108,140</u>	<u>27,918</u>
Fund Balance - Ending	<u>\$ 7,750,474</u>	<u>\$ 105,665</u>	<u>\$ 132,038</u>
Composition of Fund Balance			
Bank Balance	\$ 6,036,144	\$ 110,774	\$ 134,209
Less: Outstanding Checks	(26,404)	(5,109)	(2,171)
Certificates of Deposit	<u>1,740,734</u>		
Fund Balance - Ending	<u>\$ 7,750,474</u>	<u>\$ 105,665</u>	<u>\$ 132,038</u>

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

GREENUP COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2021
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	State Fund	Federal Fund	Landfill Fund	Revolving Loan Fund	E911 Fund
\$	\$	\$	\$	\$	\$ 510,577
			381,279		
31,849	44,640	1,654,195	51,311		245,932
			800		13,150
			17,105		7,652
394	76	104	725	3,221	422
32,243	44,716	1,654,299	451,220	3,221	777,733
				6,000	
	44,640				784,651
			324,716	12,674	
2,000					
18,448					
		4,180			
	21,268				
	34		59,734		293,926
20,448	65,942	4,180	384,450	18,674	1,078,577
11,795	(21,226)	1,650,119	66,770	(15,453)	(300,844)
	61,000				639,687
	(199,920)	(1,572,044)			
	(138,920)	(1,572,044)			639,687
11,795	(160,146)	78,075	66,770	(15,453)	338,843
234,588	205,476	4,180	416,198	200,970	21,691
\$ 246,383	\$ 45,330	\$ 82,255	\$ 482,968	\$ 185,517	\$ 360,534
\$ 246,383	\$ 45,330	\$ 82,255	\$ 484,767	\$ 30,052	\$ 362,034
			(1,799)	(6,000)	(1,500)
				161,465	
\$ 246,383	\$ 45,330	\$ 82,255	\$ 482,968	\$ 185,517	\$ 360,534

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

GREENUP COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2021
(Continued)

	<u>Unbudgeted Funds</u>		
	<u>ABC</u>	<u>Jail</u>	<u>Total</u>
	<u>Fund</u>	<u>Commissary</u>	<u>Funds</u>
		<u>Fund</u>	
RECEIPTS			
Taxes	\$	\$	\$ 6,199,813
Excess Fees			399,862
Licenses and Permits	1,030		460,094
Intergovernmental			5,147,887
Charges for Services			104,010
Miscellaneous		167,534	4,270,592
Interest		240	51,998
Total Receipts	<u>1,030</u>	<u>167,774</u>	<u>16,634,256</u>
DISBURSEMENTS			
General Government			1,719,688
Protection to Persons and Property			2,555,018
General Health and Sanitation			469,573
Social Services			128,498
Recreation and Culture		146,183	199,071
Roads			3,000,508
Other Transportation Facilities and Services			4,180
Debt Service			511,129
Capital Projects			199,481
Administration			2,669,873
Total Disbursements		<u>146,183</u>	<u>11,457,019</u>
Excess (Deficiency) of Receipts Over			
Disbursements Before Other			
Adjustments to Cash (Uses)	<u>1,030</u>	<u>21,591</u>	<u>5,177,237</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			3,872,964
Transfers To Other Funds			(3,872,964)
Total Other Adjustments to Cash (Uses)			
Net Change in Fund Balance	1,030	21,591	5,177,237
Fund Balance - Beginning (Restated)		128,540	4,365,088
Fund Balance - Ending	<u>\$ 1,030</u>	<u>\$ 150,131</u>	<u>\$ 9,542,325</u>
Composition of Fund Balance			
Bank Balance	\$ 1,030	\$ 151,258	\$ 7,684,236
Less: Outstanding Checks		(1,127)	(44,110)
Certificates of Deposit			1,902,199
Fund Balance - Ending	<u>\$ 1,030</u>	<u>\$ 150,131</u>	<u>\$ 9,542,325</u>

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

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**GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(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.

State Fund - The primary purpose of this fund is to account for state grants. The primary source of receipts for this fund is state grants.

Federal Fund - The primary purpose of this fund is to account for federal grants. The primary source of receipts for this fund is federal grants.

Landfill Fund - The primary purpose of this fund is to help keep Greenup County clean. The primary source of receipts for this fund is landfill permit fees.

Revolving Loan Fund - The primary purpose of this fund is to assist local business through loans to qualifying applicants and is intended to stimulate the local economy through successful private enterprise.

E911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund is the 911 telephone surcharge.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

ABC Fund - The primary purpose of this fund is to account for alcoholic beverage regulatory license fees. The primary source of receipts for this fund is alcohol beverages license fees.

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

D. Budgetary Information

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

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

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.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

E. Greenup County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Related Obligations and Joint Ventures

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

Greenup County Water District

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Obligations and Joint Ventures (Continued)

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

Northeast Kentucky Regional Industrial Airport Authority
 Boyd/Greenup Riverport Authority
 Ashland Regional Airport

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, 2021, 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 2021.

	General Fund	Federal Fund	State Fund	Total Transfers In
General Fund	\$	\$ 65,717	\$ 199,920	\$ 265,637
Road Fund	1,450,000			1,450,000
Jail Fund	490,000	966,640		1,456,640
State Fund	61,000			61,000
E911 Fund	100,000	539,687		639,687
Total Transfers Out	<u>\$ 2,101,000</u>	<u>\$ 1,572,044</u>	<u>\$ 199,920</u>	<u>\$ 3,872,964</u>

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 3. Transfers (Continued)

Reason for transfers:

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2021 was \$85,246.

Jailer Drug Forfeiture Fund - This fund accounts for funds seized by the Greenup County Jailer and is held until the court system issues orders on what to do with the funds. The balance in the jailer drug forfeiture account as of June 30, 2021, was \$3,572.

FSA/HRA Fund - This fund accounts for employee and employer contributions to reimburse employees for health care expenses. The balance in the FSA/HRA fund as of June 30, 2021, was \$19,418.

Note 5. Long-Term Debt

A. Direct Borrowings and Direct Placements

1. Boyd/Greenup Riverport Authority Land Purchase

On January 12, 2006, the Greenup County Fiscal Court entered into a direct borrowing with the Kentucky Association of Counties to borrow \$500,000 to purchase a tract of land on behalf of the Boyd/Greenup Riverport Authority. The agreement has a term of 28 years with a maturity date of January 20, 2034. Interest payments are due monthly with one principal payment due on January 20th of each year. In order to secure all of its obligations hereunder, the fiscal court grants to the lessor a first and prior security interest in any and all right, title and interest of the project and agrees to deliver all certificates of title to evidence such security interest. If an event of default has occurred, the lessor of this direct borrowing may: (a) terminate the lease term and give notice to the fiscal court to vacate within 60 days of notice, (b) sell or re-lease the project, (c) recover from the fiscal court the lease rental payments which would otherwise have been payable, and (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law. This financing obligation was paid off early, on July 6, 2020.

2. Road Repair and Resurfacing

On June 24, 2014, the Greenup County Fiscal Court entered into a ten-year \$1,500,000 lease agreement to repair and resurface roads. The lease has a fixed rate of 2.85 percent through June 19, 2019, and a variable rate thereafter.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-Term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Road Repair and Resurfacing (Continued)

If an event of default has occurred, the lessor of this direct borrowing may: (a) enforce the pledge set forth of this lease so that during the remaining lease term there is levied on all taxable property a direct tax annually in an amount sufficient to pay the lease payments when due, (b) by written notice to lessee, enter and take immediate possession of the project; (c) sell or re-lease the project, (d) exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth.

The amount outstanding under this agreement was \$450,000 at June 30, 2021. Payments for the remaining years are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2022	\$ 150,000	\$ 18,753
2023	150,000	11,377
2024	<u>150,000</u>	<u>4,008</u>
Totals	<u>\$ 450,000</u>	<u>\$ 34,138</u>

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	<u>\$ 935,000</u>	<u>\$</u>	<u>\$ 485,000</u>	<u>\$ 450,000</u>	<u>\$ 150,000</u>
Total Long-term Debt	<u>\$ 935,000</u>	<u>\$ 0</u>	<u>\$ 485,000</u>	<u>\$ 450,000</u>	<u>\$ 150,000</u>

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 5. Long-Term Debt (Continued)

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2021, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2022	\$ 150,000	\$ 18,753
2023	150,000	11,377
2024	150,000	4,008
Totals	<u>\$ 450,000</u>	<u>\$ 34,138</u>

Note 6. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Retirement Systems as an agency of the Commonwealth is now known as the Kentucky Public Pensions Authority (KPPA). The governance of CERS has been transferred to a separate 9-member board of trustees that is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2019 was \$963,663, FY 2020 was \$999,535, and FY 2021 was \$1,071,350.

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

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

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 6. Employee Retirement System (Continued)

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

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

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

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

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

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

KRS Annual Financial Report and Proportionate Share Audit Report

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky 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 Greenup 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.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2021
(Continued)

Note 7. Deferred Compensation (Continued)

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. Health Reimbursement Account/Flexible Spending Account

- A. The fiscal court allows employees to participate in a health reimbursement account for employees who waive health insurance coverage provided by the fiscal court. The fiscal court contributes \$300 and employees are required to submit adequate documentation for qualified medical expenses to receive reimbursement. Employees forfeit any remaining balance of funds not utilized during the year.
- B. The fiscal court allows employees to participate in a flexible spending account to provide employees an additional health benefit. Employees contribute pre-tax funds through payroll deduction and are required to submit adequate documentation for qualified medical expenses to receive reimbursement.

Note 9. Insurance

For the fiscal year ended June 30, 2021, the Greenup County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 10. Conduit Debt

From time to time the county has issued bonds to provide financial assistance 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 Greenup 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.

Note 11. Phone Service Agreement - Technology Grants

On January 30, 2020, the Greenup County Jailer entered into a four-year contract in the form of a refundable technology grant to be used the jail's discretion. The grantor will provide the jail \$125,000 over the course of four years. During fiscal year 2021, none of the grant funds were utilized.

Note 12. Prior Period Adjustments

The beginning balances of the general and road funds were increased by \$785 and \$495, respectively, to account for prior year voided checks.

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GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

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GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2021

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 5,245,400	\$ 5,245,400	\$ 5,689,236	\$ 443,836
Excess Fees	82,949	82,949	399,862	316,913
Licenses and Permits	74,000	74,000	77,785	3,785
Intergovernmental	354,000	354,000	640,887	286,887
Charges for Services	2,000	2,000	4,591	2,591
Miscellaneous	110,500	110,500	3,571,624	3,461,124
Interest	35,000	35,000	46,083	11,083
Total Receipts	5,903,849	5,903,849	10,430,068	4,526,219
DISBURSEMENTS				
General Government	1,800,100	2,099,300	1,713,688	385,612
Protection to Persons and Property	112,700	224,450	211,599	12,851
General Health and Sanitation	111,200	147,280	132,183	15,097
Social Services	131,000	134,000	126,498	7,502
Recreation and Culture	55,000	55,000	34,440	20,560
Debt Service	37,000	37,000	335,000	(298,000)
Capital Projects		166,000	99,133	66,867
Administration	2,141,399	1,525,369	1,209,077	316,292
Total Disbursements	4,388,399	4,388,399	3,861,618	526,781
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,515,450	1,515,450	6,568,450	5,053,000
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			265,637	265,637
Transfers To Other Funds	(3,665,450)	(3,665,450)	(2,101,000)	1,564,450
Total Other Adjustments to Cash (Uses)	(3,665,450)	(3,665,450)	(1,835,363)	1,830,087
Net Change in Fund Balance	(2,150,000)	(2,150,000)	4,733,087	6,883,087
Fund Balance - Beginning (Restated)	2,150,000	2,150,000	3,017,387	867,387
Fund Balance - Ending	\$ 0	\$ 0	\$ 7,750,474	\$ 7,750,474

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,648,865	\$ 1,648,865	\$ 1,840,683	\$ 191,818
Miscellaneous	401,500	401,500	497,334	95,834
Interest	500	500	355	(145)
Total Receipts	<u>2,050,865</u>	<u>2,050,865</u>	<u>2,338,372</u>	<u>287,507</u>
DISBURSEMENTS				
Roads	3,143,581	3,243,581	3,000,508	243,073
Debt Service	205,000	205,000	176,129	28,871
Capital Projects	110,000	110,000	79,080	30,920
Administration	842,584	742,584	535,130	207,454
Total Disbursements	<u>4,301,165</u>	<u>4,301,165</u>	<u>3,790,847</u>	<u>510,318</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,250,300)</u>	<u>(2,250,300)</u>	<u>(1,452,475)</u>	<u>797,825</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>2,000,300</u>	<u>2,000,300</u>	<u>1,450,000</u>	<u>(550,300)</u>
Total Other Adjustments to Cash (Uses)	<u>2,000,300</u>	<u>2,000,300</u>	<u>1,450,000</u>	<u>(550,300)</u>
Net Change in Fund Balance	(250,000)	(250,000)	(2,475)	247,525
Fund Balance - Beginning (Restated)	<u>250,000</u>	<u>250,000</u>	<u>108,140</u>	<u>(141,860)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 105,665</u>	<u>\$ 105,665</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 671,000	\$ 671,000	\$ 638,390	\$ (32,610)
Charges for Services	101,000	101,000	85,469	(15,531)
Miscellaneous	34,000	34,000	9,343	(24,657)
Interest	100	100	378	278
Total Receipts	806,100	806,100	733,580	(72,520)
DISBURSEMENTS				
Protection to Persons and Property	1,683,000	1,693,100	1,514,128	178,972
Administration	752,250	742,150	571,972	170,178
Total Disbursements	2,435,250	2,435,250	2,086,100	349,150
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,629,150)	(1,629,150)	(1,352,520)	276,630
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,609,150	1,609,150	1,456,640	(152,510)
Total Other Adjustments to Cash (Uses)	1,609,150	1,609,150	1,456,640	(152,510)
Net Change in Fund Balance	(20,000)	(20,000)	104,120	124,120
Fund Balance - Beginning	20,000	20,000	27,918	7,918
Fund Balance - Ending	\$ 0	\$ 0	\$ 132,038	\$ 132,038

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 133,407	\$ 133,407	\$ 31,849	\$ (101,558)
Interest	200	200	394	194
Total Receipts	133,607	133,607	32,243	(101,364)
DISBURSEMENTS				
Social Services	27,500	27,500	2,000	25,500
Recreation and Culture		19,000	18,448	552
Administration	336,107	317,107		317,107
Total Disbursements	363,607	363,607	20,448	343,159
Net Change in Fund Balance	(230,000)	(230,000)	11,795	241,795
Fund Balance - Beginning	230,000	230,000	234,588	4,588
Fund Balance - Ending	\$ 0	\$ 0	\$ 246,383	\$ 246,383

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	STATE FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 248,000	\$ 248,000	\$ 44,640	\$ (203,360)
Interest	35	35	76	41
Total Receipts	248,035	248,035	44,716	(203,319)
DISBURSEMENTS				
Protection to Persons and Property	71,000	71,000	44,640	26,360
General Health and Sanitation	1,000	1,000		1,000
Social Services	1,000	1,000		1,000
Capital Projects	176,000	176,000	21,268	154,732
Administration	179,035	179,035	34	179,001
Total Disbursements	428,035	428,035	65,942	362,093
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(180,000)	(180,000)	(21,226)	158,774
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			61,000	61,000
Transfers To Other Funds			(199,920)	(199,920)
Total Other Adjustments to Cash (Uses)			(138,920)	(138,920)
Net Change in Fund Balance	(180,000)	(180,000)	(160,146)	19,854
Fund Balance - Beginning	180,000	180,000	205,476	25,476
Fund Balance - Ending	\$ 0	\$ 0	\$ 45,330	\$ 45,330

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	FEDERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 853,300	\$ 853,300	\$ 1,654,195	\$ 800,895
Interest			104	104
Total Receipts	853,300	853,300	1,654,299	800,999
DISBURSEMENTS				
Protection to Persons and Property	40,000	40,000		40,000
Other Transportation Facilities and Services	813,300	813,300	4,180	809,120
Total Disbursements	853,300	853,300	4,180	849,120
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			1,650,119	1,650,119
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,572,044)	(1,572,044)
Total Other Adjustments to Cash (Uses)			(1,572,044)	(1,572,044)
Net Change in Fund Balance			78,075	78,075
Fund Balance - Beginning			4,180	4,180
Fund Balance - Ending	\$ 0	\$ 0	\$ 82,255	\$ 82,255

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

LANDFILL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 390,000	\$ 390,000	\$ 381,279	\$ (8,721)
Intergovernmental	50,000	50,000	51,311	1,311
Charges for Services	1,000	1,000	800	(200)
Miscellaneous	8,500	8,500	17,105	8,605
Interest	125	125	725	600
Total Receipts	449,625	449,625	451,220	1,595
DISBURSEMENTS				
Protection to Persons and Property	20,000	20,000		20,000
General Health and Sanitation	286,500	343,500	324,716	18,784
Administration	618,125	561,125	59,734	501,391
Total Disbursements	924,625	924,625	384,450	540,175
Net Change in Fund Balance	(475,000)	(475,000)	66,770	541,770
Fund Balance - Beginning	475,000	475,000	416,198	(58,802)
Fund Balance - Ending	\$ 0	\$ 0	\$ 482,968	\$ 482,968

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

REVOLVING LOAN FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 2,500	\$ 2,500	\$ 3,221	\$ 721
Total Receipts	2,500	2,500	3,221	721
DISBURSEMENTS				
General Government	167,200	173,200	6,000	167,200
General Health and Sanitation		13,000	12,674	326
Administration	35,300	16,300		16,300
Total Disbursements	202,500	202,500	18,674	183,826
Net Change in Fund Balance	(200,000)	(200,000)	(15,453)	184,547
Fund Balance - Beginning	200,000	200,000	200,970	970
Fund Balance - Ending	\$ 0	\$ 0	\$ 185,517	\$ 185,517

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2021
(Continued)

	E911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 10,000	\$ 10,000	\$ 510,577	\$ 500,577
Intergovernmental	20,100	20,100	245,932	225,832
Charges for Services	15,100	15,100	13,150	(1,950)
Miscellaneous	1,100,500	1,100,500	7,652	(1,092,848)
Interest	100	100	422	322
Total Receipts	1,145,800	1,145,800	777,733	(368,067)
DISBURSEMENTS				
Protection to Persons and Property	1,009,900	1,017,050	784,651	232,399
Administration	417,100	409,950	293,926	116,024
Total Disbursements	1,427,000	1,427,000	1,078,577	348,423
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(281,200)	(281,200)	(300,844)	(19,644)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	225,200	225,200	639,687	414,487
Total Other Adjustments to Cash (Uses)	225,200	225,200	639,687	414,487
Net Change in Fund Balance	(56,000)	(56,000)	338,843	394,843
Fund Balance - Beginning	56,000	56,000	21,691	(34,309)
Fund Balance - Ending	\$ 0	\$ 0	\$ 360,534	\$ 360,534

GREENUP COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2021

Note 1. Budgetary Information

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

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

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

Note 2. Excess of Disbursements Over Appropriations

The general fund, debt service line item, exceeded budgeted appropriations by \$298,000. This resulted from third-party paying off conduit debt.

GREENUP COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2021

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GREENUP COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Treasury</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
COVID-19 - Coronavirus Relief Fund	21.019	PON2-112-2100000165	\$	\$ 531,489
COVID-19 - Coronavirus Relief Fund	21.019	PON2-112-2100001350		375,166
Total U.S. Department of Treasury				906,655
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grant	14.228	17-048	\$	\$ 4,180
Total U.S. Department of Housing and Urban Development				4,180
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Emergency Management</i>				
Emergency Management Performance Grant	97.042	SC-095-2100000605	\$	\$ 49,542
Disaster Grants - Public Assistance DR 4592	97.036	SC-095-2100001150		431,478
Disaster Grants - Public Assistance DR 4595	97.036	SC-095-2100001268		27,157
Total U.S. Department of Homeland Security				508,177
Total Expenditures of Federal Awards			\$ 0	\$ 1,419,012

The accompanying notes are an integral part of this schedule.

GREENUP COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Greenup County, Kentucky under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Greenup County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Greenup County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Greenup County has not adopted an indirect cost rate and has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

GREENUP COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2021

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GREENUP COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2021

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 2,905,418	\$	\$	\$ 2,905,418
Buildings and Building Improvements	6,063,664			6,063,664
Vehicles and Equipment	2,689,776	521,566	674,850	2,536,492
Other Equipment	355,147		34,289	320,858
Infrastructure	19,040,529	1,464,907	1,379,354	19,126,082
 Total Capital Assets	 <u>\$ 31,054,534</u>	 <u>\$ 1,986,473</u>	 <u>\$ 2,088,493</u>	 <u>\$ 30,952,514</u>

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

June 30, 2021

Note 1. Capital Assets

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

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

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Robert W. Carpenter, Greenup County Judge/Executive
Members of the Greenup 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 Greenup County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Greenup County Fiscal Court's financial statement and have issued our report thereon dated March 30, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, which are described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies as items 2021-001 and 2021-002.



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

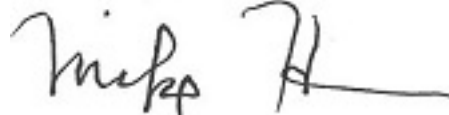
Views of Responsible Official and Planned Corrective Action

Greenup 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,

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Mike Harmon
Auditor of Public Accounts

March 30, 2022

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Robert W. Carpenter, Greenup County Judge/Executive
Members of the Greenup County Fiscal Court

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

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Greenup County Fiscal Court's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Greenup County Fiscal Court's major federal programs for the year ended June 30, 2021. The Greenup County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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



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

Opinion on Each Major Federal Program

In our opinion, the Greenup County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

March 30, 2022

GREENUP COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2021

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GREENUP COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2021

Section I: Summary of Auditor's Results

Financial Statement

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

GREENUP COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021
(Continued)

Section II: Financial Statement Findings

Internal Control - Significant Deficiencies

2021-001 The Jail Does Not Have Adequate Segregation Of Duties Over Jail Commissary Transactions

This is a repeat finding and was included in the prior year audit report as finding 2020-002. The jail does not have adequate segregation of duties over jail commissary transactions.

A deficiency occurs when someone has custody over assets and the responsibility of recording financial transactions. The bookkeeper for the jail commissary prepares deposits, prepares daily checkout sheets, and posts to the receipts ledger. In addition, the bookkeeper prepares monthly collection and disbursement reports, posts to the disbursements ledger, and prepares monthly bank reconciliations. The jailer has been informed of this issue and has failed segregate duties or to implement and document compensating controls sufficient to offset the weakness noted.

Inadequate segregation of duties allows one person to have a significant role in processing and recording receipts and disbursements, which increases the risk that misappropriation of assets and inaccurate financial reporting will occur and be undetected.

A strong internal control system requires the duties of receiving, recording, disbursing, and reporting be segregated in order to decrease the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies. Although the jailer has implemented some compensating controls, such as dual signatures on checks and recounting the daily deposits, they do not eliminate the risk associated with inadequate segregation of duties.

We recommend the jailer either segregate duties adequately or implement and document compensating controls. If these duties cannot be segregated, the jailer should implement additional compensating controls to help offset this weakness:

- Recount the daily deposit and verify that it agrees to the daily checkout sheet.
- Agree daily checkout sheet to the receipts ledger and deposit slip.
- Review the monthly reports and agree them to the receipts ledger and disbursements ledger.
- Review the monthly bank reconciliation and trace transactions to source documents.

The jailer should initial these documents as proof of his review.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: We were told in the past to have an officer look over and sign off on intake and deposits and that would be sufficient. There have never been any discrepancies. We do not have the budget to add another position. I am open to suggestions.

GREENUP COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021
(Continued)

Section II: Financial Statement Findings (Continued)

Internal Control - Significant Deficiencies (Continued)

2021-002 The Jail Commissary Purchased Electronic Cigarettes Without Obtaining Bids

This is a repeat finding and was included in the prior year audit report as finding 2020-003. The jail commissary purchased electronic cigarettes (e-cigarettes) totaling \$65,368 from a single vendor without obtaining bids. These purchases consisted of 12 invoices less than \$30,000 each.

According to the jail bookkeeper, the jailer did not bid since he prefers the design of the e-cigarette provided by a specific vendor. This is due to them not being made from a hard material, therefore they cannot be made into a dangerous weapon. Further, the jailer did not have controls in place to ensure that they were in compliance with bid requirements.

By not obtaining bids on the e-cigarettes, it cannot be determined if the jailer has procured these items at the best available price.

KRS 45A.365(1) states, “[a]ll contracts or purchases shall be awarded by competitive sealed bidding, which may include the use of a reverse auction, except as otherwise provided by KRS 45A.370 to 45A.385 and for the purchase of wholesale electric power by municipal utilities as provided in KRS 96.901(1).”

KRS 45A.385 states, “[t]he local public agency may use small purchase procedures for any contract for which a determination is made that the aggregate amount of the contract does not exceed thirty thousand dollars \$30,000 if small purchase procedures are in writing and available to the public.”

Good internal controls dictate that the jailer follow guidelines set forth for bid requirements to ensure that the best price is obtained.

We recommend the jailer obtain bids for electronic cigarettes, and any other purchases that meet the requirements of KRS 45A.365 and KRS 45A.385.

Views of Responsible Official and Planned Corrective Action:

Jailer’s Response: Bids will be requested through Fiscal Court as seal bids for correctional grade vapor pens. When received they will be opened in the next court meeting.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule Of Prior Audit Findings

None.

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

GREENUP COUNTY FISCAL COURT

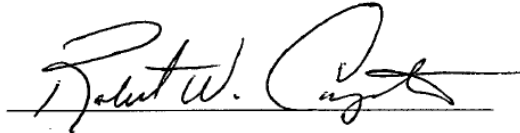
For The Year Ended June 30, 2021

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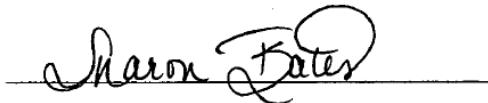
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
GREENUP COUNTY FISCAL COURT

For The Year Ended June 30, 2021

The Greenup 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.

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County Judge/Executive

A handwritten signature in black ink, appearing to read "Sharon Bates", is written over a horizontal line.

County Treasurer