

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

**For The Year Ended
June 30, 2022**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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MIKE HARMON
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 Bobby Hall, Greenup County Judge/Executive

The Honorable Robert W. Carpenter, Former Greenup County Judge/Executive

Members of the Greenup 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 Greenup County Fiscal Court, for the year ended June 30, 2022, 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.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Greenup County Fiscal Court, for the year ended June 30, 2022, 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 Greenup County Fiscal Court, for the year ended June 30, 2022, 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 Greenup 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 Bobby Hall, Greenup County Judge/Executive
 The Honorable Robert W. Carpenter, Former 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 and pervasive.

Responsibilities of Management for the Financial Statement

Greenup 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 Greenup 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Greenup County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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Members of the Greenup County Fiscal Court

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.

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 Greenup 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, 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.

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

Other Reporting Required by *Government Auditing Standards* (Continued)

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

- 2022-001 The Jail Does Not Have Adequate Segregation Of Duties Over Jail Commissary Transactions
- 2022-002 The Jail Commissary Purchased Electronic Cigarettes Without Properly Obtaining Bids

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

March 28, 2023

GREENUP COUNTY OFFICIALS**For The Year Ended June 30, 2022****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, 2022

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

For The Year Ended June 30, 2022

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 6,283,635	\$	\$
Excess Fees	460,362		
Licenses and Permits	78,482		
Intergovernmental	758,159	1,756,567	740,905
Charges for Services	206,176	65	103,438
Miscellaneous	149,014	578,277	13,100
Interest	32,187	527	113
Total Receipts	<u>7,968,015</u>	<u>2,335,436</u>	<u>857,556</u>
DISBURSEMENTS			
General Government	1,850,019		
Protection to Persons and Property	256,746		1,830,745
General Health and Sanitation	111,297		
Social Services	254,802		
Recreation and Culture	170,328		
Roads		4,500,936	
Debt Service		168,753	
Capital Projects	323,927	81,280	
Administration	1,294,292	594,366	618,787
Total Disbursements	<u>4,261,411</u>	<u>5,345,335</u>	<u>2,449,532</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>3,706,604</u>	<u>(3,009,899)</u>	<u>(1,591,976)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds		3,550,000	1,500,000
Transfers To Other Funds	<u>(5,130,500)</u>		
Total Other Adjustments to Cash (Uses)	<u>(5,130,500)</u>	<u>3,550,000</u>	<u>1,500,000</u>
Net Change in Fund Balance	(1,423,896)	540,101	(91,976)
Fund Balance - Beginning (Restated)	<u>7,750,475</u>	<u>105,665</u>	<u>132,038</u>
Fund Balance - Ending	<u>\$ 6,326,579</u>	<u>\$ 645,766</u>	<u>\$ 40,062</u>
Composition of Fund Balance			
Bank Balance	\$ 4,670,935	\$ 664,104	\$ 42,736
Less: Outstanding Checks	(108,825)	(18,338)	(2,674)
Certificates of Deposit	<u>1,764,469</u>		
Fund Balance - Ending	<u>\$ 6,326,579</u>	<u>\$ 645,766</u>	<u>\$ 40,062</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, 2022
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	State Fund	Federal Fund	Landfill Fund	Revolving Loan Fund	E911 Fund	ARPA Fund
\$	\$	\$	\$	\$	\$ 595,676	\$
			423,864			
48,199			59,082		263,349	3,408,688
			100		4,906	
			22,682		421	
398	36	39	566	2,480	273	4,962
48,597	36	39	506,294	2,480	864,625	3,413,650
					835,150	
			439,200	3,920		
9,643						
2,733						
		37,715				
			74,302		323,744	
12,376		37,715	513,502	3,920	1,158,894	
36,221	36	(37,676)	(7,208)	(1,440)	(294,269)	3,413,650
					80,500	
					80,500	
36,221	36	(37,676)	(7,208)	(1,440)	(213,769)	3,413,650
246,383	45,330	82,255	482,968	191,517	360,534	
\$ 282,604	\$ 45,366	\$ 44,579	\$ 475,760	\$ 190,077	\$ 146,765	\$ 3,413,650
\$ 282,604	\$ 45,366	\$ 44,579	\$ 476,251 (491)	\$ 190,077	\$ 149,376 (2,611)	\$ 3,413,650
\$ 282,604	\$ 45,366	\$ 44,579	\$ 475,760	\$ 190,077	\$ 146,765	\$ 3,413,650

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, 2022
(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	\$	\$	\$ 6,879,311
Excess Fees			460,362
Licenses and Permits	1,507		503,853
Intergovernmental			7,034,949
Charges for Services			314,685
Miscellaneous		223,137	986,631
Interest	1	210	41,792
Total Receipts	<u>1,508</u>	<u>223,347</u>	<u>16,221,583</u>
DISBURSEMENTS			
General Government			1,850,019
Protection to Persons and Property			2,922,641
General Health and Sanitation			554,417
Social Services			264,445
Recreation and Culture		216,432	389,493
Roads			4,500,936
Debt Service			168,753
Capital Projects			442,922
Administration			2,905,491
Total Disbursements		<u>216,432</u>	<u>13,999,117</u>
Excess (Deficiency) of Receipts Over			
Disbursements Before Other			
Adjustments to Cash (Uses)	<u>1,508</u>	<u>6,915</u>	<u>2,222,466</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			5,130,500
Transfers To Other Funds			(5,130,500)
Total Other Adjustments to Cash (Uses)			
Net Change in Fund Balance	1,508	6,915	2,222,466
Fund Balance - Beginning (Restated)	<u>1,030</u>	<u>150,131</u>	<u>9,548,326</u>
Fund Balance - Ending	<u>\$ 2,538</u>	<u>\$ 157,046</u>	<u>\$ 11,770,792</u>
Composition of Fund Balance			
Bank Balance	\$ 2,538	\$ 157,046	\$ 10,139,262
Less: Outstanding Checks			(132,939)
Certificates of Deposit			1,764,469
Fund Balance - Ending	<u>\$ 2,538</u>	<u>\$ 157,046</u>	<u>\$ 11,770,792</u>

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

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TO THE FINANCIAL STATEMENT**

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**GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2022

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 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 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, 2022
(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.

American Rescue Plan Act (ARPA) Fund - The primary purpose of this fund is to account for American Rescue Plan Act receipts and related disbursements. The primary sources of receipts for this fund are grants from the federal government.

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 beverage license fees. This fund is required to be budgeted by the Department for Local Government; however, was not budgeted by the fiscal court.

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 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.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

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

E. 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.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

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, 2022, 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 2022.

	General Fund	Total Transfers In
Road Fund	\$ 3,550,000	\$ 3,550,000
Jail Fund	1,500,000	1,500,000
E911 Fund	80,500	80,500
Total Transfers Out	<u>\$ 5,130,500</u>	<u>\$ 5,130,500</u>

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 3. Transfers (Continued)

Reason for transfers:

To move resources from the general fund to 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, 2022, was \$87,042.

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, 2022, was \$3,524.

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, 2022, was \$12,994.

Note 5. Lease

The Greenup County Fiscal Court leases office space in the courthouse to the county attorney's office. The lease is renewed annually, and the fiscal court will receive monthly payments of \$750. The fiscal court recognized \$9,000 in lease revenue during the current fiscal year related to this lease.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. 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.

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.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

1. Road Repair and Resurfacing (Continued)

The amount outstanding under this agreement was \$300,000 at June 30, 2022. Payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2023	\$ 150,000	\$ 11,377
2024	150,000	4,008
Totals	<u>\$ 300,000</u>	<u>\$ 15,385</u>

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 450,000	\$	\$ 150,000	\$ 300,000	\$ 150,000
Total Long-term Debt	<u>\$ 450,000</u>	<u>\$ 0</u>	<u>\$ 150,000</u>	<u>\$ 300,000</u>	<u>\$ 150,000</u>

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2022, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2023	\$ 150,000	\$ 11,377
2024	150,000	4,008
Totals	<u>\$ 300,000</u>	<u>\$ 15,385</u>

Note 7. 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.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 7. Employee Retirement System (Continued)

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 2020 was \$999,535, FY 2021 was \$1,071,350, and FY 2022 was \$1,243,010.

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 26.95 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%

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

Benefits are covered under KRS 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.

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.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 7. Employee Retirement System (Continued)

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 8. 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.

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 9. 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 10. Insurance

For the fiscal year ended June 30, 2022, 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.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2022
(Continued)

Note 11. 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. As of June 30, 2022, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 12. Phone Service Agreement – Technology Grant

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 in the jail's discretion. The grantor will provide the jail \$125,000 over the course of four years. During fiscal year 2022, none of the grant funds were utilized.

Note 13. Prior Period Adjustments

The beginning balance of the general fund was restated and increased \$1 due to a prior year rounding error. The beginning balance of the revolving loan fund was restated and increased \$6,000 due to a prior year voided check.

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GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

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GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 5,265,400	\$ 5,265,400	\$ 6,283,635	\$ 1,018,235
Excess Fees	70,619	70,619	460,362	389,743
Licenses and Permits	77,000	77,000	78,482	1,482
Intergovernmental	373,000	373,000	758,159	385,159
Charges for Services	3,500	3,500	206,176	202,676
Miscellaneous	106,500	106,500	149,014	42,514
Interest	40,000	40,000	32,187	(7,813)
Total Receipts	<u>5,936,019</u>	<u>5,936,019</u>	<u>7,968,015</u>	<u>2,031,996</u>
DISBURSEMENTS				
General Government	1,965,600	2,323,650	1,850,019	473,631
Protection to Persons and Property	239,200	525,832	256,746	269,086
General Health and Sanitation	137,200	138,800	111,297	27,503
Social Services	140,000	315,000	254,802	60,198
Recreation and Culture	55,000	448,500	170,328	278,172
Capital Projects	472,500	489,000	323,927	165,073
Administration	2,654,320	3,423,038	1,294,292	2,128,746
Total Disbursements	<u>5,663,820</u>	<u>7,663,820</u>	<u>4,261,411</u>	<u>3,402,409</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>272,199</u>	<u>(1,727,801)</u>	<u>3,706,604</u>	<u>5,434,405</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(4,472,199)</u>	<u>(5,972,199)</u>	<u>(5,130,500)</u>	<u>841,699</u>
Total Other Adjustments to Cash (Uses)	<u>(4,472,199)</u>	<u>(5,972,199)</u>	<u>(5,130,500)</u>	<u>841,699</u>
Net Change in Fund Balance	(4,200,000)	(7,700,000)	(1,423,896)	6,276,104
Fund Balance - Beginning (Restated)	<u>4,200,000</u>	<u>7,700,000</u>	<u>7,750,475</u>	<u>50,475</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,326,579</u>	<u>\$ 6,326,579</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,757,219	\$ 1,757,219	\$ 1,756,567	\$ (652)
Charges for Services	100	100	65	(35)
Miscellaneous	401,500	401,500	578,277	176,777
Interest	500	500	527	27
Total Receipts	<u>2,159,319</u>	<u>2,159,319</u>	<u>2,335,436</u>	<u>176,117</u>
DISBURSEMENTS				
Roads	3,424,680	5,138,180	4,500,936	637,244
Debt Service	170,000	170,000	168,753	1,247
Capital Projects	110,000	81,500	81,280	220
Administration	844,588	709,588	594,366	115,222
Total Disbursements	<u>4,549,268</u>	<u>6,099,268</u>	<u>5,345,335</u>	<u>753,933</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,389,949)</u>	<u>(3,939,949)</u>	<u>(3,009,899)</u>	<u>930,050</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>2,339,949</u>	<u>3,839,949</u>	<u>3,550,000</u>	<u>(289,949)</u>
Total Other Adjustments to Cash (Uses)	<u>2,339,949</u>	<u>3,839,949</u>	<u>3,550,000</u>	<u>(289,949)</u>
Net Change in Fund Balance	(50,000)	(100,000)	540,101	640,101
Fund Balance - Beginning	<u>50,000</u>	<u>100,000</u>	<u>105,665</u>	<u>5,665</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 645,766</u>	<u>\$ 645,766</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 765,200	\$ 765,200	\$ 740,905	\$ (24,295)
Charges for Services	101,000	101,000	103,438	2,438
Miscellaneous	14,000	14,000	13,100	(900)
Interest	100	100	113	13
Total Receipts	880,300	880,300	857,556	(22,744)
DISBURSEMENTS				
Protection to Persons and Property	1,771,100	1,868,746	1,830,745	38,001
Administration	848,250	750,604	618,787	131,817
Total Disbursements	2,619,350	2,619,350	2,449,532	169,818
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,739,050)	(1,739,050)	(1,591,976)	147,074
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,659,050	1,659,050	1,500,000	(159,050)
Total Other Adjustments to Cash (Uses)	1,659,050	1,659,050	1,500,000	(159,050)
Net Change in Fund Balance	(80,000)	(80,000)	(91,976)	(11,976)
Fund Balance - Beginning	80,000	80,000	132,038	52,038
Fund Balance - Ending	\$ 0	\$ 0	\$ 40,062	\$ 40,062

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 48,199	\$ 18,199
Interest	200	200	398	198
Total Receipts	30,200	30,200	48,597	18,397
DISBURSEMENTS				
Social Services	12,500	12,500	9,643	2,857
Recreation and Culture	20,000	20,000	2,733	17,267
Administration	247,700	247,700		247,700
Total Disbursements	280,200	280,200	12,376	267,824
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(250,000)	(250,000)	36,221	286,221
Net Change in Fund Balance	(250,000)	(250,000)	36,221	286,221
Fund Balance - Beginning	250,000	250,000	246,383	(3,617)
Fund Balance - Ending	\$ 0	\$ 0	\$ 282,604	\$ 282,604

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	STATE FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 213,000	\$ 213,000	\$	\$ (213,000)
Interest	35	35	36	1
Total Receipts	213,035	213,035	36	(212,999)
DISBURSEMENTS				
Protection to Persons and Property	71,000	71,000		71,000
General Health and Sanitation	2,500	2,500		2,500
Social Services	1,000	1,000		1,000
Capital Projects	141,000	141,000		141,000
Administration	15,535	15,535		15,535
Total Disbursements	231,035	231,035		231,035
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(18,000)	(18,000)	36	18,036
Net Change in Fund Balance	(18,000)	(18,000)	36	18,036
Fund Balance - Beginning	18,000	18,000	45,330	27,330
Fund Balance - Ending	\$ 0	\$ 0	\$ 45,366	\$ 45,366

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	FEDERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 944,620	\$ 944,620	\$	\$ (944,620)
Interest			39	39
Total Receipts	944,620	944,620	39	(944,581)
DISBURSEMENTS				
Protection to Persons and Property	40,000	40,000		40,000
General Health and Sanitation		110,500		110,500
Other Transportation Facilities and Services	754,620	644,120		644,120
Capital Projects	150,000	150,000	37,715	112,285
Total Disbursements	944,620	944,620	37,715	906,905
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(37,676)	(37,676)
Net Change in Fund Balance			(37,676)	(37,676)
Fund Balance - Beginning			82,255	82,255
Fund Balance - Ending	\$ 0	\$ 0	\$ 44,579	\$ 44,579

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

LANDFILL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 310,000	\$ 310,000	\$ 423,864	\$ 113,864
Intergovernmental	50,000	50,000	59,082	9,082
Charges for Services	1,000	1,000	100	(900)
Miscellaneous	9,000	9,000	22,682	13,682
Interest	600	600	566	(34)
Total Receipts	370,600	370,600	506,294	135,694
DISBURSEMENTS				
General Government				
Protection to Persons and Property	20,000	20,000		20,000
General Health and Sanitation	310,500	487,481	439,200	48,281
Administration	490,100	313,119	74,302	238,817
Total Disbursements	820,600	820,600	513,502	307,098
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(450,000)	(450,000)	(7,208)	442,792
Net Change in Fund Balance	(450,000)	(450,000)	(7,208)	442,792
Fund Balance - Beginning	450,000	450,000	482,968	32,968
Fund Balance - Ending	\$ 0	\$ 0	\$ 475,760	\$ 475,760

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

REVOLVING LOAN FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$ 2,500	\$ 2,500	\$ 2,480	\$ (20)
Total Receipts	2,500	2,500	2,480	(20)
DISBURSEMENTS				
General Government	6,000	6,000		6,000
General Health and Sanitation	167,200	171,200	3,920	167,280
Administration	14,300	10,300		10,300
Total Disbursements	187,500	187,500	3,920	183,580
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(185,000)	(185,000)	(1,440)	183,560
Net Change in Fund Balance	(185,000)	(185,000)	(1,440)	183,560
Fund Balance - Beginning (Restated)	185,000	185,000	191,517	6,517
Fund Balance - Ending	\$ 0	\$ 0	\$ 190,077	\$ 190,077

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

E911 FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 605,000	\$ 605,000	\$ 595,676	\$ (9,324)
Intergovernmental	250,100	250,100	263,349	13,249
Charges for Services	12,100	12,100	4,906	(7,194)
Miscellaneous	500	500	421	(79)
Interest	100	100	273	173
Total Receipts	867,800	867,800	864,625	(3,175)
DISBURSEMENTS				
Protection to Persons and Property	939,900	952,500	835,150	117,350
Administration	411,100	398,500	323,744	74,756
Total Disbursements	1,351,000	1,351,000	1,158,894	192,106
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(483,200)	(483,200)	(294,269)	188,931
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	473,200	473,200	80,500	(392,700)
Total Other Adjustments to Cash (Uses)	473,200	473,200	80,500	(392,700)
Net Change in Fund Balance	(10,000)	(10,000)	(213,769)	(203,769)
Fund Balance - Beginning	10,000	10,000	360,534	350,534
Fund Balance - Ending	\$ 0	\$ 0	\$ 146,765	\$ 146,765

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2022
(Continued)

	ARPA FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 3,403,520	\$ 3,403,520	\$ 3,408,688	\$ 5,168
Interest			4,962	4,962
Total Receipts	3,403,520	3,403,520	3,413,650	10,130
DISBURSEMENTS				
Administration	6,807,041	6,807,041		6,807,041
Total Disbursements	6,807,041	6,807,041		6,807,041
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,403,521)	(3,403,521)	3,413,650	6,817,171
Net Change in Fund Balance	(3,403,521)	(3,403,521)	3,413,650	6,817,171
Fund Balance - Beginning	3,403,521	3,403,521		(3,403,521)
Fund Balance - Ending	\$ 0	\$ 0	\$ 3,413,650	\$ 3,413,650

GREENUP COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2022

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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GREENUP COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

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GREENUP COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2022

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	2,536,492	382,970		2,919,462
Other Equipment	320,858	458,000		778,858
Infrastructure	19,126,082	2,940,323		22,066,405
 Total Capital Assets	 <u>\$ 30,952,514</u>	 <u>\$ 3,781,293</u>	 <u>\$ 0</u>	 <u>\$ 34,733,807</u>

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

June 30, 2022

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

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 Bobby Hall, Greenup County Judge/Executive
The Honorable Robert W. Carpenter, Former Greenup County Judge/Executive
Members of the Greenup 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 Greenup County Fiscal Court for the fiscal year ended June 30, 2022, 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 28, 2023.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 that we consider to be significant deficiencies.



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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2022-002.

Views of Responsible Officials 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,

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
Frankfort, Ky

March 28, 2023

**GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2022

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**GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS:

2022-001 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 2021-001. 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 to 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 segregate duties adequately. If these duties cannot be segregated, the jailer should implement and document the following 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 and date these documents as proof of his review.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: New jailer has already made changes to correct this issue.

Jailer's Response: Fixed.

2022-002 The Jail Commissary Purchased Electronic Cigarettes Without Properly Obtaining Bids

This is a similar finding that was included in the prior year audit report as finding 2021-002. The jail commissary purchased electronic cigarettes (e-cigarettes) totaling \$77,813 from a single vendor without properly obtaining bids. These purchases consisted of 8 invoices less than \$30,000 each.

According to the jail bookkeeper, the jailer did bid; however, he did not follow the correct procedures by going through the fiscal court. Furthermore, the jailer did not have controls in place to ensure compliance with bid requirements.

GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2022
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-002 The Jail Commissary Purchased Electronic Cigarettes Without Properly Obtaining Bids
(Continued)

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

Greenup County's Administrative Code section 9.2(A) states, "[t]he agency, department or person requiring supplies, services or construction shall submit to the County Judge a request containing specifications and quantities desired."

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 properly obtain bids for electronic cigarettes, and any other purchases that meet the requirements of the Greenup County Administrative Code.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: New jailer has already followed jail bidding procedure and corrected the issue.

Jailer's Response: Fixed.

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

GREENUP COUNTY FISCAL COURT

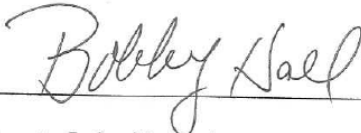
For The Year Ended June 30, 2022

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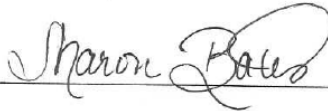
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
GREENUP COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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.

A handwritten signature in cursive script, reading "Bobby Hall", written over a horizontal line.

County Judge/Executive

A handwritten signature in cursive script, reading "Sharon Bates", written over a horizontal line.

County Treasurer