

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

**For The Year Ended
June 30, 2020**



**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 Micheal Hale, Barren County Judge/Executive
Members of the Barren 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 Barren County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Barren 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
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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 Barren 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 Barren County Fiscal Court as of June 30, 2020, 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 Barren County Fiscal Court as of June 30, 2020, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Barren 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
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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 July 6, 2022, on our consideration of the Barren County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Barren 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 included herein, which discusses the following report findings:

- 2020-001 The Barren County Fiscal Court Did Not Approve All Cash Transfers
- 2020-002 The Barren County Fiscal Court Does Not Have Adequate Controls Over Disbursements
- 2020-003 The Barren County Fiscal Court Failed To Implement Adequate Internal Controls Over Maintenance Of The Capital Asset Schedule
- 2020-004 The Schedule Of Expenditures Of Federal Awards Was Materially Misstated

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

July 6, 2022

BARREN COUNTY OFFICIALS**For The Year Ended June 30, 2020****Fiscal Court Members:**

Micheal Hale	County Judge/Executive
Jeff Botts	Magistrate
Trent Riddle	Magistrate
Carl Dickerson	Magistrate
Tim Coomer	Magistrate
Mark Bowman	Magistrate
Kenneth Sartin	Magistrate
Billy Houchens	Magistrate

Other Elected Officials:

Kathryn Thomas	County Attorney
Aaron Bennett	Jailer
Helena Birdwell	County Clerk
John Alexander	Circuit Court Clerk
Kent Keen	Sheriff
Kim Shipley	Property Valuation Administrator
Tim Gibson	Coroner

Appointed Personnel:

Denise Riddle	Former County Treasurer
Jenny Hoffman	County Treasurer
Nancy Houchens	Deputy County Judge/Executive
Sherry Jones	Finance Officer/Fiscal Court Clerk

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

For The Year Ended June 30, 2020

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

For The Year Ended June 30, 2020

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 4,811,546	\$	\$	\$ 137,317
In Lieu Tax Payments	119,488			
Licenses and Permits	257,556			
Intergovernmental	3,394,257	2,168,471	2,006,589	
Charges for Services			185,025	
Miscellaneous	207,704	23,539	276,344	
Interest	25,755	30,988	591	29
Total Receipts	<u>8,816,306</u>	<u>2,222,998</u>	<u>2,468,549</u>	<u>137,346</u>
DISBURSEMENTS				
General Government	3,705,502			
Protection to Persons and Property	656,259		2,341,124	
General Health and Sanitation	950,029			
Social Services	98,912			
Recreation and Culture	674,924			
Roads		2,150,618		
Debt Service	415,122		34,182	
Administration	1,551,773	309,517	794,350	
Total Disbursements	<u>8,052,521</u>	<u>2,460,135</u>	<u>3,169,656</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>763,785</u>	<u>(237,137)</u>	<u>(701,107)</u>	<u>137,346</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	504,878		1,199,431	
Transfers To Other Funds	(1,337,416)	(249,502)	(484,416)	(137,346)
Total Other Adjustments to Cash (Uses)	<u>(832,538)</u>	<u>(249,502)</u>	<u>715,015</u>	<u>(137,346)</u>
Net Change in Fund Balance	(68,753)	(486,639)	13,908	
Fund Balance - Beginning (Restated)	1,277,783	1,989,910	33,813	
Fund Balance - Ending	<u>\$ 1,209,030</u>	<u>\$ 1,503,271</u>	<u>\$ 47,721</u>	<u>\$ 0</u>
Composition of Fund Balance				
Bank Balance	\$ 1,289,597	\$ 1,505,695	\$ 51,955	\$
Plus: Deposits In Transit				
Less: Outstanding Checks	(80,567)	(2,424)	(4,234)	
Investments				
Fund Balance - Ending	<u>\$ 1,209,030</u>	<u>\$ 1,503,271</u>	<u>\$ 47,721</u>	<u>\$ 0</u>

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

BARREN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2020
(Continued)

Budgeted Funds							
Recreation Department Fund	Drug Forfeiture Fund	Hiseville Cemetery Fund	ABC Fund	Safe House Fund	Federal Drug Forfeitures Fund	CDBG Blight Removal Fund	Samson Street Jail Bond Fund
\$	\$	\$	\$	\$	\$	\$	\$
							13,153
48,221		10,425					
70,416	1,173	6,396	145,446		20,164		
297		8,292		311		1	159
<u>118,934</u>	<u>1,173</u>	<u>25,113</u>	<u>145,446</u>	<u>311</u>	<u>20,164</u>	<u>1</u>	<u>13,312</u>
	2,213		36,290		4,667		
		10,368	15,750				
239,491							
26,255							497,590
19,794		2,605					
<u>285,540</u>	<u>2,213</u>	<u>12,973</u>	<u>52,040</u>		<u>4,667</u>		<u>497,590</u>
<u>(166,606)</u>	<u>(1,040)</u>	<u>12,140</u>	<u>93,406</u>	<u>311</u>	<u>15,497</u>	<u>1</u>	<u>(484,278)</u>
163,000							484,416
			(118,000)				(30)
<u>163,000</u>			<u>(118,000)</u>				<u>484,386</u>
(3,606)	(1,040)	12,140	(24,594)	311	15,497	1	108
25,053	1,253	162,934	63,104	20,497	8,831		34
<u>\$ 21,447</u>	<u>\$ 213</u>	<u>\$ 175,074</u>	<u>\$ 38,510</u>	<u>\$ 20,808</u>	<u>\$ 24,328</u>	<u>\$ 1</u>	<u>\$ 142</u>
\$ 24,266	\$ 213	\$ 50,230	\$ 38,510	\$ 20,808	\$ 24,328	\$ 1	\$ 142
		737					
(2,819)		(1,350)					
		125,457					
<u>\$ 21,447</u>	<u>\$ 213</u>	<u>\$ 175,074</u>	<u>\$ 38,510</u>	<u>\$ 20,808</u>	<u>\$ 24,328</u>	<u>\$ 1</u>	<u>\$ 142</u>

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

BARREN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2020
(Continued)

	<u>Unbudgeted Funds</u>			<u>Total Funds</u>
	<u>Public Properties Corporation Fund</u>	<u>Glasgow/ Barren County Public Library Corporation Fund</u>	<u>Jail Commissary Fund</u>	
RECEIPTS				
Taxes	\$	\$	\$	\$ 4,948,863
In Lieu Tax Payments				119,488
Licenses and Permits				257,556
Intergovernmental	208,825	366,393		8,157,688
Charges for Services				243,671
Miscellaneous			369,056	1,120,238
Interest	690	509		67,622
Total Receipts	<u>209,515</u>	<u>366,902</u>	<u>369,056</u>	<u>14,915,126</u>
DISBURSEMENTS				
General Government				3,705,502
Protection to Persons and Property				3,040,553
General Health and Sanitation				950,029
Social Services				125,030
Recreation and Culture			391,366	1,305,781
Roads				2,150,618
Debt Service	247,650	366,393		1,587,192
Administration	1,100			2,679,139
Total Disbursements	<u>248,750</u>	<u>366,393</u>	<u>391,366</u>	<u>15,543,844</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(39,235)</u>	<u>509</u>	<u>(22,310)</u>	<u>(628,718)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				2,351,725
Transfers To Other Funds			(25,015)	(2,351,725)
Total Other Adjustments to Cash (Uses)			<u>(25,015)</u>	
Net Change in Fund Balance	(39,235)	509	(47,325)	(628,718)
Fund Balance - Beginning	83,093	385	268,891	3,935,581
Fund Balance - Ending	<u>\$ 43,858</u>	<u>\$ 894</u>	<u>\$ 221,566</u>	<u>\$ 3,306,863</u>
Composition of Fund Balance				
Bank Balance	\$ 43,858	\$ 894	\$ 237,703	\$ 3,288,200
Plus: Deposits In Transit			1,295	2,032
Less: Outstanding Checks			(17,432)	(108,826)
Investments				125,457
Fund Balance - Ending	<u>\$ 43,858</u>	<u>\$ 894</u>	<u>\$ 221,566</u>	<u>\$ 3,306,863</u>

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

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BARREN COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The Barren County Library would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, it is no longer a required component of the reporting entity. Audits can be obtained from the Barren County Fiscal Court, 117 North Public Square, Glasgow, KY 42141.

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.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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.

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.

Recreation Department Fund - The primary purpose of this fund is to account for the recreational expenses of the county. The primary sources of receipts for this fund are recreational fees and concessions.

Drug Forfeiture Fund - The primary purpose of this fund is to account for local drug seizure award expenses of the county. The primary sources of receipts for this fund are court ordered payments.

Hiseville Cemetery Fund - The primary purpose of this fund is to account for cemetery upkeep expenses of the county. The primary sources of receipts for this fund are donations and associated cemetery fees.

ABC Fund - The primary purpose of this fund is to account for alcohol beverage monitoring and enforcement expenses of the county. The primary sources of receipts for this fund are taxes and license fees.

Safe House Fund - The primary purpose of this fund is to assist citizens in cases of emergencies to obtain necessities. The primary sources of receipts for this fund are donations.

Federal Drug Forfeitures Fund - The primary purpose of this fund is to account for federal drug forfeiture expenses of the county. The primary sources of receipts for this fund are court ordered seized funds and proceeds.

CDBG Blight Removal Fund - The primary purpose of this fund is to account for community development block grant expenses of the county. The primary sources of receipts for this fund are federal grants.

Samson Street Jail Bonds Fund - The primary purpose of this fund is to account for the jail debt service payments of the county. The primary sources of receipts for this fund are transfers from other funds.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

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

Glasgow/Barren County Public Library Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to construct the Mary Wood Weldon Memorial Library.

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.

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

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

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Barren County Elected Officials

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

Note 2. Deposits and Investments

A. 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.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 2. Deposits and Investments (Continued)

A. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the *DLG County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

B. Investments

As of June 30, 2020, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Mutual Funds	\$ 125,457	\$ 125,457	\$	\$	\$
Total Fund Balance	\$ 125,457	\$ 125,457	\$ 0	\$ 0	\$ 0

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$0 of certificates of deposit and \$0 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The counterparty maintains the \$0 of certificates of deposit at depository institutions insured by the FDIC and limits certificates of deposit at each depository institution to the \$250,000 FDIC coverage limit. In addition, the SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine bonds;
- 3) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority;
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
 - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years; and
 - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section;
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - a. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - b. Have a standard maturity of no more than ten years; and
 - c. Are rated in the three highest rating categories by at least two competent credit rating agencies.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

The fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2020, the fiscal court does not have any investments in these categories.

The fiscal court's rated investments, as of June 30, 2019, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

Type	Standard & Poor's/Moody's Credit Ratings				Unrated/NA	Cost Basis
	AAA/Aaa	AA/Aa	A	WR		
U.S. Treasury						
Mutual Funds	\$	\$	\$	\$	125,457	125,457
Total Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,457	\$ 125,457

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The fiscal court does not have 5 percent or more of the fiscal court's investments invested in any single security.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. See table above for investments listed by type and duration.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The fiscal court's policy historically has been to invest only in securities in U.S. denominations.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2020.

	General Fund	Road Fund	Jail Fund	LGEA Fund	ABC Fund	Samson Street Jail Fund	Jail Commissary Fund	Total Transfers In
General Fund	\$	\$ 249,502	\$	\$ 137,346	\$ 118,000	\$ 30	\$	\$ 504,878
Jail Fund	1,174,416						25,015	1,199,431
Recreation Department Fund	163,000							163,000
Samson Street Jail Bond Fund			484,416					484,416
Total Transfers Out	\$ 1,337,416	\$ 249,502	\$ 484,416	\$ 137,346	\$ 118,000	\$ 30	\$ 25,015	\$ 2,351,725

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.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt

A. Direct Borrowings and Direct Placements

1. KACo Lease For EMS Building

On September 22, 2008, the Barren County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust for the construction of an EMS building. The agreement is secured by the project. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, project sold or re-leased, or lease rental payments may be declared due and payable. The principal was \$500,000 at a variable interest rate for a period of 20 years, with principal and interest paid monthly. The principal outstanding as of June 30, 2020, was \$264,865. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 26,726	\$ 16,147
2022	28,062	14,445
2023	29,464	12,646
2024	30,936	10,773
2025	32,481	8,768
2026-2029	117,196	13,591
Totals	<u>\$ 264,865</u>	<u>\$ 76,370</u>

2. KACo Lease For Ballpark Lighting

On January 26, 2010, the Barren County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust for the purchase and installation of ballpark lighting. The agreement is secured by the project. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, project sold or re-leased, or lease rental payments may be declared due and payable. The principal was \$250,000 at a various interest rate for the period of 13 years and 6 months, with principal and interest paid monthly. The principal outstanding as of June 30, 2020, was \$70,146. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 21,788	\$ 4,001
2022	22,698	2,617
2023	23,646	1,171
2024	2,014	30
Totals	<u>\$ 70,146</u>	<u>\$ 7,819</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. KACo Lease For Body Scanner

On May 24, 2017, the Barren County Fiscal Court entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust for the purchase of a body scanner for use at the detention center. The agreement is secured by the body scanner. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, project repossessed and sold or re-leased, or lease rental payments may be declared due and payable. The principal was \$150,000 at a variable interest rate with principal and interest paid monthly. The principal outstanding as of June 30, 2020, was \$88,496. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2021	\$ 21,453	\$ 3,393
2022	22,218	2,454
2023	23,011	1,480
2024	21,814	472
Totals	<u>\$ 88,496</u>	<u>\$ 7,799</u>

4. Sheriff Communication System Upgrade

On July 5, 2017, the Barren County Fiscal Court entered into a lease agreement with Magnolia Bank, Inc., to finance a communication system upgrade for the sheriff's department. The agreement is secured by the project. Upon the happening and continuance of any event of default as defined in the agreement, equipment repossessed and sold or re-leased, or lease rental payments may be declared due and payable. The principal was \$63,799 at a variable interest rate with principal and interest paid in monthly installments of \$1,864.51. The outstanding principal was paid and the debt was retired during fiscal year ended June 30, 2020.

B. Other Debt

1. General Obligation Refunding Bonds, Series 2009 - Government Center

On September 23, 2009, the Barren County Fiscal Court issued \$2,300,000 of general obligation refunding bonds, series 2009, to defease the fiscal court's general obligation bonds, series 2000, whose purpose was to finance the construction of the courthouse annex facility (government center). The bonds mature serially through May 1, 2020 and require annual principal payments on May 1 starting on May 1, 2010 and semi-annual interest payments at rates ranging from 1% to 3.25% on May 1 and November 1 of each year. The outstanding principal was paid and the debt was retired during fiscal year ended June 30, 2020.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

B. Other Debt (Continued)

2. General Obligation Bonds, Series 2010B - Correction Center

On April 22, 2010, the Barren County Fiscal Court issued \$8,395,000 of taxable general obligation bonds (Build America Bonds), series 2010A. The bonds mature serially through April 1, 2040, and require annual principal payments on April 1 beginning April 1, 2012 and semi-annual interest payments April 1 and October 1 at varying interest rates from 1.6% to 5.75%. In addition, on April 22, 2010, the Barren County Fiscal Court also issued \$510,000 in taxable general obligation bonds (recovery zone economic development bonds), series 2010B. The bonds require one principal payment on April 1, 2040, and semi-annual interest payments on April 1 and October 1, at an interest rate of 6.10%.

These bonds were issued for the purpose of the acquisition, construction, and equipping of a new Barren County Corrections Center. Upon the happening and continuance of any event of default as defined in the bond, a suit may be filed or bond may be declared due and payable. The fiscal court expected to receive Build America subsidy payments and Recovery Zone interest subsidy payments from the United States Treasury to cover 35% to 45%, respectively, of the interest payments on these bonds. On April 1, 2015, the series 2010A bonds were refunded by general obligation bonds, series 2015. Bonds outstanding as of June 30, 2020, were \$510,000, the remaining series 2010B principal. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$	\$ 31,110
2022		31,110
2023		31,110
2024		31,110
2025		31,110
2026-2030		155,550
2031-2035		155,550
2036-2040	<u>510,000</u>	<u>155,550</u>
Totals	<u>\$ 510,000</u>	<u>\$ 622,200</u>

3. Barren County Public Properties Corporation Lease Refunding Revenue Bonds, Series 2007

On August 23, 2017, the Barren County Public Properties Corporation issued \$2,250,000 of lease refunding revenue bonds, series 2017, for the purpose of paying the costs associated with the refunding and refinancing of the fiscal court's mortgage revenue bonds, series 2007, used to renovate the Barren County Courthouse. The bonds are secured by a foreclosable first mortgage lien on the project. Upon the happening and continuance of any event of default as defined in the bond, the mortgage may be enforced, a suit may be filed, or the bond may be declared due and payable. The bonds mature through February 1, 2029 and require annual principal payments on February 1 starting on February 1, 2018, and semi-annual interest payments at 4.00% on February 1 and August 1 of each year.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

B. Other Debt (Continued)

3. Barren County Public Properties Corporation Lease Refunding Revenue Bonds, Series 2007 (Continued)

Although the fiscal court is obligated to pay the corporation annual rentals in the full amount of the principal and interest requirements of the bonds for each year the lease agreement is renewed, the fiscal court expects to receive payments for the use of the Barren County Courthouse from the Kentucky Judicial Branch, Administrative Office of the Courts (AOC). AOC will pay directly to the trustee a portion of the fiscal court's annual rental in the form of a use allowance. Bonds outstanding as of June 30, 2020, were \$1,890,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2021	\$ 180,000	\$ 70,850
2022	185,000	63,650
2023	195,000	56,250
2024	200,000	48,450
2025	210,000	40,450
2026-2029	920,000	76,750
Totals	<u>\$ 1,890,000</u>	<u>\$ 356,400</u>

4. Glasgow/Barren County Public Library Corporation, Lease Revenue Bonds, Series 2008

On December 18, 2008, the Glasgow/Barren County Public Library Corporation issued \$1,245,000 of lease revenue bonds for the purpose of paying the costs associated with renovating and equipping the new library building. The bonds are secured by a foreclosable first mortgage lien on the project. The bonds are also secured by the assignment of the corporation of all its rights, title, and interest to a lease agreement with the county and the city of Glasgow, Kentucky. The bonds mature serially through December 1, 2033, and require annual principal payments on December 1 beginning December 1, 2009, and semi-annual interest payments on June 1 and December 1 at interest rates ranging from 3.0% to 6.25%.

Although the fiscal court and the City of Glasgow are obligated to pay the corporation annual rentals of 90% and 10%, respectively, of the full amount of the principal and interest requirements of the bonds for each year the lease agreement is renewed, the fiscal court and the City of Glasgow expect to receive payments for the use of the Mary Wood Weldon Memorial Library from the Barren County Library Board. The Barren County Library Board will pay directly to the trustee the annual rental of the fiscal court and the City of Glasgow in the form of a use allowance. Bonds outstanding as of June 30, 2020, were \$345,000. Further principal and interest requirements are:

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

B. Other Debt (Continued)

4. Glasgow/Barren County Public Library Corporation, Lease Revenue Bonds, Series 2008 (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 40,000	\$ 19,088
2022	45,000	16,644
2023	50,000	13,913
2024	50,000	11,038
2025	55,000	7,950
2026-2027	<u>105,000</u>	<u>6,150</u>
Totals	<u>\$ 345,000</u>	<u>\$ 74,781</u>

5. General Obligation Refunding Bonds, Series 2015 - Correction Center

On April 15, 2015, the Barren County Public Properties Corporation issued \$7,815,000 of general obligation refunding bonds, series 2015, for the purpose of paying the costs associated with the refunding and refinancing of the fiscal court's general obligation bonds, series 2010A, used to construct the Barren County Corrections Center. Upon the happening and continuance of any event of default as defined in the bond, a suit may be filed or bond may be declared due and payable. The bonds mature through April 1, 2039, and require annual principal payments on April 1 starting on April 1, 2016, and semi-annual interest payments between the rates of 1 to 3.375% on October 1 and April 1 of each year. The principal outstanding as of June 30, 2020, was \$6,520,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 270,000	\$ 196,180
2022	270,000	190,780
2023	280,000	185,380
2024	285,000	179,780
2025	290,000	171,230
2026-2030	1,595,000	719,800
2031-2035	1,840,000	463,125
2036-2039	<u>1,690,000</u>	<u>144,788</u>
Totals	<u>\$ 6,520,000</u>	<u>\$ 2,251,063</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 4. Long-term Debt (Continued)

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2020, was as follows:

	Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and					
Direct Placements	\$ 512,543	\$	\$ 89,036	\$ 423,507	\$ 69,967
General Obligation Bonds	7,550,000		520,000	7,030,000	270,000
Revenue Bonds	2,745,000		510,000	2,235,000	220,000
Total Long-term Debt	\$ 10,807,543	\$ 0	\$ 1,119,036	\$ 9,688,507	\$ 559,967

The beginning balance was restated by \$250,000 for principal retired in prior years and a \$1 rounding error.

D. Aggregate Debt Schedule

The aggregate debt schedule is as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 490,000	\$ 317,228	\$ 69,967	\$ 23,542
2022	500,000	302,184	72,978	19,516
2023	525,000	286,653	76,121	15,298
2024	535,000	270,378	54,764	11,275
2025	555,000	250,740	32,481	8,768
2026-2030	2,620,000	958,250	117,197	13,591
2031-2035	1,840,000	618,675		
2036-2040	2,200,000	300,338		
	\$ 9,265,000	\$ 3,304,444	\$ 423,507	\$ 91,989

Note 5. Employee Retirement System

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

The county's contribution for FY 2018 was \$847,048, FY 2019 was \$1,008,483, and FY 2020 was \$1,166,839.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Employee Retirement System (Continued)

Nonhazardous

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

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

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

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

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 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. Hazardous members contribute 8 percent of their annual creditable compensation and 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 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 hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Employee Retirement System (Continued)

Hazardous (Continued)

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

The county's contribution rate for hazardous employees was 39.58 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.

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

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.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous (Continued)

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. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, they earn fifteen 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. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This 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 COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. 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.

E. 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.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

KRS Annual Financial Report and Proportionate Share Audit Report

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

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Employee Retirement System (Continued)

KRS Annual Financial Report and Proportionate Share Audit Report (Continued)

KRS also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 6. Deferred Compensation

The Barren 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 7. Health Reimbursement/Flexible Spending Account

The Barren County Fiscal Court, established a flexible spending account on September 11, 1995 to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to employees with \$500 balances. Employees may also contribute additional pre-tax funds through payroll deduction. The balance of the plan is \$4,302.

Note 8. Insurance

For the fiscal year ended June 30, 2020, the Barren County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Asset Retirement Obligation

The Barren County Fiscal Court purchased a body scanner for the detention center during 2017. Due to the x-ray technology used by this device, additional expenses might occur when this asset is retired. The fiscal court has not obtained estimated fees to dispose of this asset, but does not expect it to have a significant cost. The estimated life of this asset is 10 years.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 10. Prior Period Adjustments

	<u>Jail Fund</u>	<u>Recreation Department Fund</u>	<u>Hiseville Cemetery Fund</u>	<u>Glasgow/Barren County Public Library Corporation Fund</u>
Ending Balance, June 30, 2019	\$ 33,088	\$ 24,232	\$ 162,320	\$ 85
Adjustments:				
Prior Year Error			614	300
Rounding		2		
Voided Checks	725	819		
Restated Balance, July 1, 2019	<u>\$ 33,813</u>	<u>\$ 25,053</u>	<u>\$ 162,320</u>	<u>\$ 385</u>

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BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

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BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,575,000	\$ 4,894,200	\$ 4,811,546	\$ (82,654)
In Lieu Tax Payments	106,000	112,878	119,488	6,610
Licenses and Permits	239,500	251,500	257,556	6,056
Intergovernmental	3,236,000	3,411,560	3,394,257	(17,303)
Miscellaneous	143,900	204,350	207,704	3,354
Interest	32,200	32,200	25,755	(6,445)
Total Receipts	<u>8,332,600</u>	<u>8,906,688</u>	<u>8,816,306</u>	<u>(90,382)</u>
DISBURSEMENTS				
General Government	3,862,854	4,138,214	3,705,502	432,712
Protection to Persons and Property	860,479	882,529	656,259	226,270
General Health and Sanitation	907,258	1,024,165	950,029	74,136
Social Services	130,827	124,550	98,912	25,638
Recreation and Culture	658,000	685,900	674,924	10,976
Debt Service	432,138	432,138	415,122	17,016
Administration	1,705,900	2,590,888	1,551,773	1,039,115
Total Disbursements	<u>8,557,456</u>	<u>9,878,384</u>	<u>8,052,521</u>	<u>1,825,863</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(224,856)</u>	<u>(971,696)</u>	<u>763,785</u>	<u>1,735,481</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	365,513	405,762	504,878	99,116
Transfers To Other Funds	<u>(687,049)</u>	<u>(687,049)</u>	<u>(1,337,416)</u>	<u>(650,367)</u>
Total Other Adjustments to Cash (Uses)	<u>(321,536)</u>	<u>(281,287)</u>	<u>(832,538)</u>	<u>(551,251)</u>
Net Change in Fund Balance	(546,392)	(1,252,983)	(68,753)	1,184,230
Fund Balance - Beginning	<u>546,392</u>	<u>1,277,783</u>	<u>1,277,783</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 24,800</u>	<u>\$ 1,209,030</u>	<u>\$ 1,184,230</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,838,576	\$ 2,184,696	\$ 2,168,471	\$ (16,225)
Miscellaneous	700	17,700	23,539	5,839
Interest	46,000	46,000	30,988	(15,012)
Total Receipts	<u>1,885,276</u>	<u>2,248,396</u>	<u>2,222,998</u>	<u>(25,398)</u>
DISBURSEMENTS				
Roads	2,650,350	3,008,646	2,150,618	858,028
Administration	422,700	980,158	309,517	670,641
Total Disbursements	<u>3,073,050</u>	<u>3,988,804</u>	<u>2,460,135</u>	<u>1,528,669</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,187,774)</u>	<u>(1,740,408)</u>	<u>(237,137)</u>	<u>1,503,271</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(223,513)</u>	<u>(249,502)</u>	<u>(249,502)</u>	
Total Other Adjustments to Cash (Uses)	<u>(223,513)</u>	<u>(249,502)</u>	<u>(249,502)</u>	
Net Change in Fund Balance	(1,411,287)	(1,989,910)	(486,639)	1,503,271
Fund Balance - Beginning	<u>1,411,287</u>	<u>1,989,910</u>	<u>1,989,910</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,503,271</u>	<u>\$ 1,503,271</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,182,900	\$ 2,208,600	\$ 2,006,589	\$ (202,011)
Charges for Services	364,000	372,600	185,025	(187,575)
Miscellaneous	330,100	418,000	276,344	(141,656)
Interest	25	25	591	566
Total Receipts	<u>2,877,025</u>	<u>2,999,225</u>	<u>2,468,549</u>	<u>(530,676)</u>
DISBURSEMENTS				
Protection to Persons and Property	2,211,556	2,408,406	2,341,124	67,282
Debt Service	33,978	34,379	34,182	197
Capital Projects	500	500		500
Administration	812,950	837,899	794,350	43,549
Total Disbursements	<u>3,058,984</u>	<u>3,281,184</u>	<u>3,169,656</u>	<u>111,528</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(181,959)</u>	<u>(281,959)</u>	<u>(701,107)</u>	<u>(419,148)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	579,549	579,549	1,199,431	619,882
Transfers To Other Funds	(497,590)	(497,590)	(484,416)	13,174
Total Other Adjustments to Cash (Uses)	<u>81,959</u>	<u>81,959</u>	<u>715,015</u>	<u>633,056</u>
Net Change in Fund Balance	(100,000)	(200,000)	13,908	213,908
Fund Balance - Beginning (Restated)	<u>100,000</u>	<u>100,000</u>	<u>33,813</u>	<u>(66,187)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (100,000)</u>	<u>\$ 47,721</u>	<u>\$ 147,721</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes	\$ 142,000	\$ 156,261	\$ 137,317	\$ (18,944)
Interest			29	29
Total Receipts	<u>142,000</u>	<u>156,261</u>	<u>137,346</u>	<u>(18,915)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>142,000</u>	<u>156,261</u>	<u>137,346</u>	<u>(18,915)</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(142,000)</u>	<u>(156,261)</u>	<u>(137,346)</u>	<u>18,915</u>
Total Other Adjustments to Cash (Uses)	<u>(142,000)</u>	<u>(156,261)</u>	<u>(137,346)</u>	<u>18,915</u>
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	RECREATION DEPARTMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 66,000	\$ 67,800	\$ 48,221	\$ (19,579)
Miscellaneous	91,500	112,762	70,416	(42,346)
Interest	500	500	297	(203)
Total Receipts	<u>158,000</u>	<u>181,062</u>	<u>118,934</u>	<u>(62,128)</u>
DISBURSEMENTS				
Recreation and Culture	215,300	263,485	239,491	23,994
Debt Service	25,500	26,500	26,255	245
Administration	34,700	42,811	19,794	23,017
Total Disbursements	<u>275,500</u>	<u>332,796</u>	<u>285,540</u>	<u>47,256</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(117,500)</u>	<u>(151,734)</u>	<u>(166,606)</u>	<u>(14,872)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>107,500</u>	<u>107,500</u>	<u>163,000</u>	<u>55,500</u>
Total Other Adjustments to Cash (Uses)	<u>107,500</u>	<u>107,500</u>	<u>163,000</u>	<u>55,500</u>
Net Change in Fund Balance	(10,000)	(44,234)	(3,606)	40,628
Fund Balance - Beginning (Restated)	<u>10,000</u>	<u>24,234</u>	<u>25,053</u>	<u>819</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (20,000)</u>	<u>\$ 21,447</u>	<u>\$ 41,447</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	DRUG FORFEITURE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 1,000	\$ 1,173	\$ 1,173	\$
Total Receipts	<u>1,000</u>	<u>1,173</u>	<u>1,173</u>	<u>\$</u>
DISBURSEMENTS				
Protection to Persons and Property	1,000	2,223	2,213	10
Administration		203		203
Total Disbursements	<u>1,000</u>	<u>2,426</u>	<u>2,213</u>	<u>213</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(1,253)</u>	<u>(1,040)</u>	<u>213</u>
Net Change in Fund Balance		(1,253)	(1,040)	213
Fund Balance - Beginning		<u>1,253</u>	<u>1,253</u>	<u>\$</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 213</u>	<u>\$ 213</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	HISEVILLE CEMETERY FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 5,600	\$ 10,380	\$ 10,425	\$ 45
Miscellaneous		6,300	6,396	96
Interest			8,292	8,292
Total Receipts	<u>5,600</u>	<u>16,680</u>	<u>25,113</u>	<u>8,433</u>
DISBURSEMENTS				
Social Services	13,100	14,410	10,368	4,042
Administration		164,590	2,605	161,985
Total Disbursements	<u>13,100</u>	<u>179,000</u>	<u>12,973</u>	<u>166,027</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(7,500)</u>	<u>(162,320)</u>	<u>12,140</u>	<u>174,460</u>
Net Change in Fund Balance	(7,500)	(162,320)	12,140	174,460
Fund Balance - Beginning (Restated)	<u>7,500</u>	<u>162,320</u>	<u>162,934</u>	<u>614</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 175,074</u>	<u>\$ 175,074</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	ABC FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 110,000	\$ 145,308	\$ 145,446	\$ 138
Total Receipts	<u>110,000</u>	<u>145,308</u>	<u>145,446</u>	<u>138</u>
DISBURSEMENTS				
Protection to Persons and Property	120,000	36,385	36,290	95
Social Services		15,750	15,750	
Administration		61,077		61,077
Total Disbursements	<u>120,000</u>	<u>113,212</u>	<u>52,040</u>	<u>61,172</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(10,000)</u>	<u>32,096</u>	<u>93,406</u>	<u>61,310</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(118,000)	(118,000)
Total Other Adjustments to Cash (Uses)			<u>(118,000)</u>	<u>(118,000)</u>
Net Change in Fund Balance	(10,000)	32,096	(24,594)	(56,690)
Fund Balance - Beginning	<u>10,000</u>	<u>63,104</u>	<u>63,104</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 95,200</u>	<u>\$ 38,510</u>	<u>\$ (56,690)</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	SAFE HOUSE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 311	\$ 311
Total Receipts			311	311
DISBURSEMENTS				
Administration		20,497		20,497
Total Disbursements		20,497		20,497
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(20,497)	311	20,808
Net Change in Fund Balance		(20,497)	311	20,808
Fund Balance - Beginning		20,497	20,497	
Fund Balance - Ending	\$	0	\$ 20,808	\$ 20,808

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

FEDERAL DRUG FORFEITURES FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$	\$ 20,164	\$ 20,164	\$
Total Receipts		20,164	20,164	
DISBURSEMENTS				
Protection to Persons and Property		4,667	4,667	
Administration		24,328		24,328
Total Disbursements		28,995	4,667	24,328
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(8,831)	15,497	24,328
Net Change in Fund Balance		(8,831)	15,497	24,328
Fund Balance - Beginning		8,831	8,831	
Fund Balance - Ending	\$	0	\$ 24,328	\$ 24,328

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	CDBG BLIGHT REMOVAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 284,000	\$	\$ (284,000)
Miscellaneous			1	1
Total Receipts		284,000	1	(283,999)
DISBURSEMENTS				
Capital Projects		284,000		284,000
Total Disbursements		284,000		284,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			1	1
Net Change in Fund Balance			1	1
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$	1
		\$ 0	\$	1

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

SAMSON STREET JAIL BOND FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$	\$ 13,153	\$ 13,153
Interest			159	159
Total Receipts			13,312	13,312
DISBURSEMENTS				
Debt Service	497,590	497,590	497,590	
Total Disbursements	497,590	497,590	497,590	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(497,590)	(497,590)	(484,278)	13,312
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	497,590	497,590	484,416	(13,174)
Transfers To Other Funds			(30)	(30)
Total Other Adjustments to Cash (Uses)	497,590	497,590	484,386	(13,204)
Net Change in Fund Balance			108	108
Fund Balance - Beginning			34	34
Fund Balance - Ending	\$ 0	\$ 0	\$ 142	\$ 142

BARREN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2020

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.

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**BARREN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2020

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**BARREN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Provided to Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U. S. Department of Justice</u>				
<i>Direct Program</i>				
Crime Victim Assistance	16.575		\$	\$ 45,340
Edward Byrne Memorial Justice Assistance Grant Program	16.738			<u>106,429</u>
Total U.S. Department of Justice				<u><u>151,769</u></u>
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Emergency Management</i>				
Emergency Management Performance Grant	97.042	095 2000000513	\$	<u>\$ 29,797</u>
Total U.S. Department of Homeland Security				<u><u>29,797</u></u>
<u>U. S. Department of Treasury</u>				
<i>Passed-Through Kentucky Department Kentucky Board of Elections</i>				
COVID-19 - Coronavirus Relief Funds	21.019	157363644	\$	\$ 7,680
<i>Passed-Through Kentucky Department for Local Government</i>				
COVID-19 - Coronavirus Relief Funds	21.019	112 2100000216		<u>922,876</u>
Total U.S. Department of Treasury				<u><u>930,556</u></u>
 Total Expenditures of Federal Awards			<u>\$</u>	<u>0</u> <u>\$ 1,112,122</u>

BARREN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Barren County, Kentucky under programs of the federal government for the year ended June 30, 2020. 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 Barren County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Barren 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

Barren 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.

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

For The Year Ended June 30, 2020

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BARREN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 1,265,357	\$	\$	\$ 1,265,357
Buildings	20,315,825	13,200		20,329,025
Vehicles	2,371,922	249,301	45,999	2,575,224
Equipment	2,822,346	93,384		2,915,730
Infrastructure	10,897,118	314,483		11,211,601
Total Capital Assets	<u>\$ 37,672,568</u>	<u>\$ 670,368</u>	<u>\$ 45,999</u>	<u>\$ 38,296,937</u>

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

June 30, 2020

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

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Micheal Hale, Barren County Judge/Executive
Members of the Barren 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 Barren County Fiscal Court for the fiscal year ended June 30, 2020 and the related notes to the financial statement which collectively comprise the Barren County Fiscal Court's financial statement and have issued our report thereon dated July 6, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-004 to be material weaknesses.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2020-002 and 2020-003 to be significant deficiencies.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Barren 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 Questioned Costs as items 2020-001 and 2020-004.

Views of Responsible Official and Planned Corrective Action

Barren County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

July 6, 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 Micheal Hale, Barren County Judge/Executive
Members of the Barren 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 Barren 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 Barren County Fiscal Court's major federal programs for the year ended June 30, 2020. The Barren 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 Barren 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 Barren 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 Barren 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 Barren 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, 2020.

Report on Internal Control over Compliance

Management of the Barren 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 Barren 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 Barren 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,



Mike Harmon
Auditor of Public Accounts

July 6, 2022

**BARREN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2020

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BARREN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2020

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input 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 checked="" type="checkbox"/> Yes	<input 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 Funds

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

BARREN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)

Section II: Financial Statement Findings

2020-001 The Barren County Fiscal Court Did Not Approve All Cash Transfers

Six of the transfers made by the county treasurer did not agree to the cash transfers approved by the fiscal court and documented in the minutes. These six transfers totaled \$784,416.

This was caused by an oversight by management. They did not realize that cash transfers, including those for debt service payments, required fiscal court approval. By not having cash transfers approved, fiscal court may not be aware of actual fund balances which could create cash flow issues.

KRS 68.210 states, “[t]he administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe...a system of uniform accounts[.]” As part of that ability, the Department for Local Government requires all fiscal courts to follow the *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual requires all cash transfers be approved by the fiscal court. Good internal controls also dictate that all transfers be approved by the fiscal court members to ensure that they are aware of money being transferred between funds to allow for future budgeting and planning. Additionally, good internal controls over cash dictate fiscal court approval before the treasurer moves money from one fund to another.

We recommend all cash transfers are approved by the fiscal court before they are made and that the cash transfer amounts approved should agree to the actual transfers made.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The previous Treasurer was in the position to make transfers. The current Treasurer was not aware of such unapproved transfers. Debt payments are on the preapproval list in the budget and paid when due.

2020-002 The Barren County Fiscal Court Does Not Have Adequate Controls Over Disbursements

The Barren County Fiscal Court does not have adequate controls over disbursements. The following were noted during the disbursement testing:

- One payment was not recorded properly.
- Five invoices were not paid within 30 days.
- Eleven purchase orders were not issued.

According to the deputy county judge/executive, the above findings are due to an oversight over recording, lack of control over external departments such as the jail and sheriff, and not knowing that the purchase orders should be issued for payroll and utility claims.

By not paying bills within 30 days the fiscal court could be charged with late fees or finance charges. Additionally, by not requiring a purchase order to be completed for each purchase, there are no controls in place to ensure there are adequate budgeted funds available before completing a transaction.

**BARREN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)**

Section II: Financial Statement Findings (Continued)

2020-002 The Barren County Fiscal Court Does Not Have Adequate Controls Over Disbursements
(Continued)

KRS 65.140(2), states, in part, “all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor’s invoice[.]” Good internal controls dictate the fiscal court record all disbursements properly. KRS 68.210 states, “[t]he administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe... a system of uniform accounts[.]” As part of these guidelines, a purchase order journal is required. Purchase orders must include a unique purchase order number, an issue approved appropriation code where the payment will be posted, the vendor name, the date the invoice is received, the amount of the purchase, the date in which the claim is reviewed by fiscal court after completion, the date paid, and the amount paid. A sound purchase order system is also an important element of effective internal controls. Purchase orders allow a supervisor to review all purchases before they are made to ensure that budgeting requirements are met.

We recommend the Barren County Fiscal Court record all disbursements properly, pay invoices within 30 days, and issue a purchase order for all expenditures in order to comply with the standards set forth in the Department for Local Government’s (DLG) *County Budget Preparation & State Local Finance Officer Policy Manual*.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The bills get paid when they are turned in to this office. Some departments do not turn bills in until after they are due. We have never put PO numbers on our utility bills.

2020-003 The Barren County Fiscal Court Failed To Implement Adequate Internal Controls Over
Maintenance Of The Capital Asset Schedule

The Barren County Fiscal Court failed to implement adequate internal controls over maintenance of the capital asset schedule. The fiscal court failed to add to their capital asset schedule \$314,483 for infrastructure, \$55,340 for land and buildings, \$672,684 for vehicles, and \$540,439 for other inventory. Additionally, the fiscal court didn’t delete from their capital asset schedule \$142,008 for vehicles, and \$ 31,750 for other inventory. According to the county personnel, they were not aware that the capital asset schedule should be updated.

Without adequate controls the risk of asset misappropriation increases or results in assets not being covered by insurance in the event of an accident or loss. Additionally, the fiscal court’s capital asset schedule did not accurately reflect the assets held by the county.

Good internal controls dictate that assets be properly tracked and maintained to prevent theft or loss. These controls should also ensure compliance with applicable laws and regulations related to capital assets. Furthermore, per the fiscal court’s capital asset capitalization policy all land and land improvements over \$12,500, buildings and building improvements over \$25,000, and infrastructure over \$20,000 should be capitalized and added to the fiscal court’s capital asset schedule. In addition, all vehicles and equipment over \$2,500 should also be capitalized and added to the fiscal court’s capital asset schedule. When items on the capital asset schedule are sold or disposed, they should be deleted from the fiscal court’s capital asset schedule.

Under the authority of KRS 68.210, the Department for Local Government (DLG) issued the *County Budget Preparation and State Local Finance Officer Policy Manual* which states that “[f]or purposes of internal control, a fixed asset inventory listing must be maintained for all asset purchases/donations above a reasonable dollar amount and have a useful life of greater than one year.”

BARREN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)

Section II: Financial Statement Findings (Continued)

2020-003 The Barren County Fiscal Court Failed To Implement Adequate Internal Controls Over Maintenance Of The Capital Asset Schedule (Continued)

We recommend the Barren County Fiscal Court implement internal controls to ensure all assets are being appropriately added and deleted from the capital asset schedule. We also recommend the fiscal court adhere to their capital asset policy.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The previous Treasurer was in the position to update the Capital Asset Schedule for the 2019 Fiscal Year. The current Treasurer was not aware of the Capital Asset Schedule or that it was not updated.

2020-004 The Schedule Of Expenditures of Federal Awards Was Materially Misstated

The Barren County Fiscal Court's schedule of expenditures of federal awards (SEFA) did not accurately report federal grant disbursements for fiscal year ended June 30, 2020. The following items were noted on the SEFA:

- The SEFA originally submitted to the Department for Local Government was understated by \$410,268. The original SEFA omitted \$410,268 of Coronavirus Relief Fund expenditures that should have been included on the SEFA for fiscal year ended June 30, 2020.
- Two grants totaling \$151,769 were listed under incorrect CFDA (Catalog of Federal Domestic Assistance) numbers.
- All expenditures listed on the SEFA had the full amounts listed as being provided to a subrecipient. No funds for the fiscal year were provided to a subrecipient; therefore, materially overstating the amount provided to subrecipient by \$1,112,122.

According to county personnel, the funds recorded for the Coronavirus Relief Fund that were received in fiscal year 2021, were mistakenly documented as fiscal year 2021 federal expenditures instead of when the items were expended. In addition, the county treasurer mistakenly included the amounts in both columns on the SEFA and pulled the wrong codes for two of the grants.

Because the county treasurer's SEFA was inaccurate, the county is not in compliance with Uniform Guidance section 508. Additionally, the SEFA is the determination factor for whether an entity is required to undergo a single audit, in accordance with Uniform Guidance if the entity expends \$750,000 or more in federal funds during its fiscal year. Therefore, it is possible if the SEFA is inaccurately prepared the fiscal court could fail to have a single audit when necessary. Incorrect subrecipient information could lead to incorrect compliance requirements being applied to the funds.

OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards 2 CFR 200.508(b) requires the auditee to "[p]repare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with 200.510 Financial statements." 2 CFR 200.510(b) states, in part, "The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with [CFR] § 200.502 Basis for determining Federal awards expended... At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency....
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

**BARREN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)**

Section II: Financial Statement Findings (Continued)

2020-004 The Schedule Of Expenditures of Federal Awards Was Materially Misstated (Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs ... identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule”

Additionally, good internal controls dictate the SEFA be complete and accurate.

We recommend the Barren County Fiscal Court implement or strengthen controls over the schedule of expenditures of federal awards reporting to ensure amounts reported represent true federal expenditures expended during each fiscal year and ensuring correct CFDA numbers for funds.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Year 2019/2020 SEFA was prepared by the previous treasurer before she retired in July 2020.

After that time, in the next Fiscal Year, we were informed that we could go back and claim deputy jailer's salary to be reimbursed with CARES Money. The current treasurer was unaware that she had to or could even go back and change the previously submitted SEFA, so the \$410,268 was reported on the Fiscal Year 2020/2021 SEFA. It was during the single audit of Fiscal Year 2020/2021 that the auditor found the issue, causing us to go back and have a single audit for the Fiscal Year 2019/2020.

In reference to the findings reflecting incorrect CFDA numbers and incorrect figures in the subrecipient column of the SEFA, my response is:

Since we have been made aware of this issue, we will immediately correct the upcoming SEFA to reflect the correct CFDA numbers as well as correcting the figures in the subrecipient column of the report.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

Not Applicable.

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

BARREN COUNTY FISCAL COURT

For The Year Ended June 30, 2020

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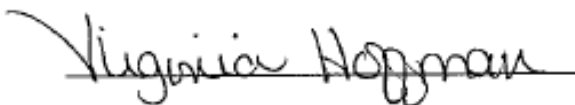
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2020

The Barren County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer