



# Fiscal Court Audit Guide

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**Fiscal Court Audit Guide**  
**Auditor of Public Accounts**

This audit guide is developed in accordance with KRS 43.075, Uniform standards and procedures, which directs the Auditor of Public Accounts to develop uniform standards and procedures for conducting, and uniform formats for reporting, all audits of county budgets and the accounts, books and papers of elected county or district officials performed under KRS 43.070(1)(a)1. and 2. or (1)(b) or KRS 64.810.

Upon and after July 15, 1986, no person shall conduct an audit under KRS 43.070(1)(a)1. and 2. or (1)(b) or KRS 64.810 which does not comply with these standards and procedures promulgated by the state Auditor of Public Accounts.

### **Applicability and Methodology**

This guide provides the uniform standards, ~~[and]~~ procedures, and formats, developed by the Auditor of Public Accounts (APA) pursuant to KRS 43.075 for conducting~~[;]~~ and ~~[uniform formats for]~~ reporting, all audits of county budgets~~[, accounts, books, and papers for fiscal court audits promulgated by the Auditor of Public Accounts (APA) as required by KRS 43.075]~~. This guide is not intended to be a complete set of all auditing standards or as a replacement for any ~~[auditing standard]~~ generally accepted auditing standards~~[required in the United States]~~ (GAAS) promulgated by the American Institute of Certified Public Accountants (AICPA), audits performed under generally accepted government auditing standards (GAGAS) promulgated by the Comptroller General of the United States, or other applicable requirements. Instead, this guide is intended to supplement those standards, and its use is mandatory in conducting all audits of county fiscal courts in the Commonwealth of Kentucky.

In addition to adhering to this guide, all fiscal court audits must be performed in accordance with GAAS and GAGAS. Additionally, when applicable, single audits must be performed in accordance with 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).

In adhering to these standards, auditors should demonstrate an understanding of all applicable professional standards in properly supported and well referenced audit documentation, and through the appropriate use of professional judgment. As such, audit procedures contained in this guide may not cover all circumstances or conditions encountered during a particular audit. It is incumbent upon the independent auditor to exercise professional judgment to tailor procedures to ensure that audit procedures are met and that audit risk is reduced to an appropriately low level. However, auditors must consider all requirements in this audit guide that could have a direct and material effect on the opinion for the financial statements of the fiscal court. If an auditor determines that certain procedures are not necessary, the rationale for the exclusion must be explained in the audit documentation. For example, a specific requirement or transaction type is not applicable to the auditee~~[An example of this is a situation in which an auditee is not subject to a specific requirement, or a specific transaction type is not applicable to the auditee].~~

### **Required Communication**

#### *Known or Suspected Fraud or Abuse*

Any known or suspected fraud, abuse, malfeasance, nonfeasance, or illegal acts identified or brought to the attention of the auditor shall be reported, immediately upon discovery, to the APA. Materiality is not a factor to consider in initiating this communication.

#### *Modified or Disclaimed Opinion*

The auditor shall notify the APA immediately upon recognizing circumstances that warrant the independent auditor's report to be modified, or upon determination that a disclaimer of opinion may be necessary in accordance with GAAS.

#### *Audit Completion and Quality Control Reviews*

Upon completion of audit fieldwork and significant supervisory review the auditor must contact the APA to request a review. Due to the oversight role of the APA, reviews of audit reports and audit documentation must be performed by the APA prior to the issuance of the audit report. These reviews focus on ensuring audit documentation has sufficient compliance with this guide, and ~~[appears to]~~ contains sufficient documentation to demonstrate adherence to other applicable professional standards. It is critical for the auditor to understand that because the APA is not conducting the audit, there are inherent limitations in the review process that prevents the APA from taking responsibility for the accuracy and reliability of the independent auditor's work. Therefore, auditors are required to have a separate system of quality assurance in place, independent of the APA, ~~that is~~~~[and]~~ sufficient to ensure applicable standards are met in all audits.

KRS 64.810(4) states that after our preliminary review of the certified public accountant's work papers, should discrepancies be found that ~~[and]~~ are not corrected, then the APA may conduct ~~its~~~~[our]~~ own audit, and charge the county for the expense of such audit. Please be aware that ~~APA~~~~[we]~~ considers, as a "discrepancy," any audit by a certified public accountant that has not been timely completed by February 1 following the year being audited, as mandated by KRS 64.810(3)(a). Thus, if the certified public accountant performing the audit does not complete the audit by February 1 following the year being audited, the APA may choose to perform the audit ~~itself~~ ~~[ourselves]~~ as allowed by law.

When the APA's review is complete, the auditor will be authorized in writing to release the audit after any identified significant deficiencies ~~[identified]~~ have been corrected. After receiving authorization for releasing~~[e]~~ and finalizing the report, the auditor shall forward a copy of the final report to the APA in an unlocked pdf, Microsoft Word, or Excel file within 10 business days of the report being issued by the auditor. Audits conducted under contract with the APA via a request for proposal (RFP) process will be finalized and distributed by the APA.

### **Discretionary Communication**

Matters warranting further investigation or enforcement may be referred to the appropriate oversight or investigative agency or to law enforcement. In the event a referral is included in a comment, it is the auditor's responsibility to communicate this referral to the appropriate agency.

## **Basis of Accounting**

Fiscal courts are required to prepare annual financial reports for each fiscal year ending June 30<sup>th</sup>. Fiscal courts may choose to prepare financial statements in accordance with *Generally Accepted Accounting Principles* (GAAP) or present financial statements in a quarterly report format in accordance with the regulatory basis established by the Department for Local Government (DLG) in the *County Budget Preparation And State Local Finance Officer Manual (DLG Budget Manual)*. The option to select the regulatory basis of reporting ~~is~~<sup>was</sup> effective for periods ending on or after June 30, 2013.

The fiscal court audit should be planned to be sufficiently comprehensive in scope to permit an expression of an opinion on the financial statements and an in-relation-to opinion on the supplementary information. Additional information is presented below to describe the basic financial statements and key elements under both the regulatory and GAAP basis.

### **Regulatory Basis**

- Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis
- Notes to Financial Statements

### **Supplementary Information**

- Budgetary Comparison Schedules (All budgeted funds)
- Schedule of Expenditures of Federal Awards (If single audit)

### **Other Information**

- Capital Asset Schedule

### **Regulatory Reporting Entity:**

The financial statement of a fiscal court reporting under the regulatory basis includes all budgeted and unbudgeted funds under the control of the 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 ~~DLG~~<sup>the Department for Local Government</sup>. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to ~~act for and on behalf of, and as the agency and instrumentality of~~<sup>acting as</sup> 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 ~~DLG~~<sup>the Department for Local Government</sup>. The two typical unbudgeted funds in a county are the Public Properties Corporation and Jail Commissary.

### **Regulatory Materiality:**

Materiality is calculated on the opinion unit, which is the entire financial statement as a whole. Operating receipts ~~are~~<sup>is</sup> the materiality benchmark used in the calculation of planning materiality, performance materiality, tolerable misstatement, individually significant item, and trivial amount.

## **Regulatory Basis (Continued)**

Operating receipts for materiality calculation include[s] all receipts, except for transfers, borrowed money or carryover fund balance, for all budgeted and unbudgeted funds.

As the audit progresses, the auditor should consider whether materiality used for planning purposes needs to be reassessed because of significant changes in the quantitative or qualitative factors originally considered in the determination of materiality (e.g., year-end amounts differ significantly from the estimated amounts used in the initial calculation) or to indicate whether performance materiality or tolerable misstatement should be reconsidered because, for example, numerous audit adjustments suggest that performance materiality or tolerable misstatement should be lower. If the auditor becomes aware of additional significant quantitative or qualitative factors that were not initially considered but that would influence the judgment of a reasonable financial statement user, the auditor should reassess materiality, performance materiality, and tolerable misstatement and the results of evidence obtained while conducting the audit procedures.

If the auditor concludes, based on such factors, that a lower materiality than initially determined is appropriate, the auditor should evaluate the effect, if any, of the lower amount(s) on risk assessments and audit procedures, and modify the nature, timing, and extent of audit procedures necessary to obtain sufficient appropriate audit evidence. Additionally, the auditor should consider the impact of the reevaluation of materiality on the auditor's evaluation of identified misstatements.

## **GAAP Basis**

**Basic financial statements.** The basic financial statements for fiscal courts electing to use the GAAP basis of accounting will include:

### **1. Government-wide financial statements:**

- Statement of Net Position
- Statement of Activities

The government-wide financial statements should be prepared using the economic resources measurement focus and the accrual basis of accounting. These statements should report all of the assets, liabilities, revenues, expenses, and gains and losses of the government. Each statement should distinguish between the governmental and business-type activities of the primary government, and between the total primary government and its discretely presented component units by reporting each in separate columns. Fiduciary activities, whose resources are not available to finance the government's programs, should be excluded from the government-wide statements.

## **GAAP Basis (Continued)**

### **2. Fund financial statements:**

- Balance Sheet – Governmental Funds
- Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Position
- Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities
- Statement of Net Position – Proprietary Funds
- Statement of Revenues, Expenses, and Changes in ~~[Fund]~~ Net Position – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds
- Statement of Fiduciary ~~[Fund]~~ Net ~~[Assets]~~ Position – Fiduciary Funds
- Statement of Changes in Fiduciary Net Position – Fiduciary Funds

Fund financial statements should consist of a series of statements that focus on information about the government's major governmental and proprietary~~[enterprise]~~ funds, including its blended component units. Fund financial statements should also report information about the government's fiduciary funds and component units that are fiduciary in nature. Governmental fund financial statements (including financial data for the general, special revenue, capital projects, debt service, and permanent funds) should be prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary fund financial statements (including financial data for enterprise and internal service funds) and fiduciary fund financial statements (including financial data for fiduciary funds and similar component units) should be prepared using the economic resources measurement focus and the accrual basis of accounting.

3. **Notes to the financial statements** should consist of notes that provide information that is essential to a user's understanding of the basic financial statements.

### **4. Required supplementary information (RSI):**

- Management's discussion and analysis (MD&A) should introduce the basic financial statements and provide an analytical overview of the government's financial activities. Although it is RSI, governments are required to present MD&A before the basic financial statements.
- Budgetary comparison schedules should be presented as RSI along with other types of data as required by all applicable Governmental Accounting Standards Board (GASB) pronouncements.
- Infrastructure condition and maintenance data (if applicable)
- Funding and liability data on pension and other postemployment benefit plans

## **GAAP Basis (Continued)**

### **5. Supplementary information (SI):**

Combining financial statements

- Combining Balance Sheet – Non-major Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds
- Combining Statements for Internal Service Funds and other funds (as needed)
- SEFA (if applicable)

GAAP Reporting Entity:

The financial statements of a fiscal court reporting under the GAAP basis of accounting should include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as outlined in GASB 14, 34, 61, 80, 84 and 90~~[80]~~.

GAAP Materiality:

Determining materiality is a matter of professional judgment. Separate materiality determinations should be made for each opinion unit. Opinion units for fiscal courts using the GAAP basis of accounting generally include the following: governmental activities, business-type activities, each major governmental fund, each major proprietary fund, aggregate discretely presented component units, and remaining fund information. Refer to Clarified Statements on Auditing Standards (AU-C) Section 320, *Materiality in Planning and Performing an Audit*, for further guidance on materiality.

Determining what is material to a user of the financial statements requires professional judgment. Auditors often begin their materiality assessment for the financial statements as a whole for purposes of planning the audit by applying a percentage to a chosen benchmark. The benchmark should represent the measurement component of the entity's financial statements that is believed to be the most critical to the users of the financial statements. The benchmark will then be used as the base from which to determine materiality. As a rule, operating receipts are~~[is]~~ the benchmark used in the calculation of planning materiality, performance materiality, tolerable misstatement, individually significant items and trivial amounts. Operating receipts for materiality calculations in fiscal court audits should include all receipts, except for transfers, borrowed money or carryover fund balances, for all funds in each opinion unit.

As the audit progresses, the auditor should consider whether materiality used for planning purposes needs to be reassessed because of significant changes in the quantitative or qualitative factors originally considered in the determination of materiality (e.g., year-end amounts differ significantly from the estimated amounts used in the initial calculation) or to indicate whether performance materiality or tolerable misstatement should be reconsidered because, for example,



numerous audit adjustments suggest that performance materiality or tolerable misstatement should be lower. If the auditor becomes aware of additional significant quantitative or qualitative factors that were not initially considered but that would influence the judgment of a reasonable financial statement user, the auditor should reassess materiality, performance materiality, and tolerable misstatement and the results of evidence obtained while conducting the audit procedures.

If the auditor concludes, based on such factors, that a lower materiality than initially determined is appropriate, the auditor should evaluate the effect, if any, of the lower amount(s) on risk assessments and audit procedures, and modify the nature, timing, and extent of audit procedures necessary to obtain sufficient appropriate audit evidence. Additionally, the auditor should consider the impact of the reevaluation of materiality on the auditor's evaluation of identified misstatements.

## Testing Procedures – GAAP and Regulatory

The auditor should use professional judgment to determine the extent of testing necessary to support his or her opinion on the auditee's financial statements and to report on the auditee's internal controls and on compliance with applicable laws and regulations (See Compliance section of this Audit Guide for applicable laws and regulations.)

The auditor shall perform procedures based on risk of material misstatement (RMM) or identified significant risks. Testing will depend on the auditor's consideration of the level of RMM associated with each transaction class or account. If RMM is high, confirmation or tests of detail may be necessary. If RMM is low, substantive analytical procedures may suffice.

The procedures below are recommended based upon common risks identified in past fiscal court engagements conducted by the APA (both GAAP and Regulatory). The steps performed and conclusions reached should be clearly stated in the audit documentation.

### Receipts:

- Confirm receipts from the sheriff[Sheriff] and county clerk[County Clerk].
- Confirm county's receipt of state taxes, grants, and other payments deemed material and/or that have increased risk.
- Revenue Recognition Test – Applicable to some extent in all audits, risk will be greater in counties with economic issues. Test cutoff to determine if revenue is appropriately recognized in compliance with the accounting framework. Testing suggestions: 1. Test receipts at year end to ensure they were recorded in the correct year. 2. Review deposits in transit list for receipts. 3. Test receipts in the July bank statement to ensure they were posted in the correct year. Base extent of testing on risk assessment.
- Accounts Receivable – Jail, Ambulance, Garbage Fees, Other
  - Examine accounts receivable records for evidence of accurate posting and collection efforts. If the county uses a collection agency, view the collection report for reasonableness.
  - Review reports to determine the amount outstanding at June 30.
  - Review accounts receivable for related parties or employees and evaluate the nature and purpose of these transactions and ensure transactions were properly executed and approved.
- Tax Abatements: Obtain and test information regarding tax abatements for proper accounting and disclosure. A tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity which:
  - One or more governments promise to forgo tax revenues to which they are otherwise entitled and
  - The individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or citizens of those governments. Tax abatements do NOT include credits or deductions given by the Kentucky Tax Code.
- Additional receipts testing should be based on risk assessment and materiality. If the county has an occupational tax, it is typically material and higher risk.

## Payroll:

- Comprehensive Payroll Test - From the county's payroll ledger, select at least one employee from each department (more if risk assessment suggests additional testing) and any others deemed necessary. If the county fee officials are fee pooling, also include these employees. The following officials/employees should be included in the sample: County Judge/Executive, County Treasurer, Jailer, Finance Officer, Payroll Officer or Payroll Clerk.
  - Obtain salary schedule. Determine if the salaried or hourly rates are approved by the fiscal court. See KRS 64.5275 and KRS 64.530 for guidance.
  - Verify payroll is properly supported.
    - Determine that timesheets are completed for selected employees.
    - Determine that timesheets (or daily attendance record) are maintained.
    - Determine that timesheets (or daily attendance record) are approved.
    - Determine that timesheets (or daily attendance record) support hours worked and hours paid, including overtime if applicable.
    - Determine if leave taken on timesheets (or daily attendance record) agrees to leave balance reports.
    - Review Individual Earning Records and Payroll Records to determine if Bonuses or other type of one-time payments are made.
    - Review and document retirement paid by the county (employer's share) during the current and prior year fiscal years.
    - Perform tests of health insurance.
- Elected Official - Maximum Salaries Test – Determine if salaries paid to the County Judge/Executive and Jailer were made in accordance with the salary schedule approved by DLG
- ~~[Health Insurance Disbursements—Select at least two invoices and test for attributes listed below.~~
  - ~~○ Trace payment to cancelled check.~~
  - ~~○ Verify the expenditure is allowable, supported, and recorded accurately.~~
  - ~~○ Verify the expenditure was presented to fiscal court.~~
  - ~~○ Verify the expenditure was paid within 30 working days of the receipt.~~
- ~~Health Insurance Withholdings—From one health insurance invoice, select employees to trace health insurance withholdings to withholdings documented on payroll earnings register. This test is verifying that employees are not receiving health insurance benefits without paying their portion.~~
- ~~Flexible Spending Accounts/Health Reimbursement Accounts (FSA/HRA)~~
  - ~~Document what type of plan the county has put into place and describe the plan for note disclosure. This may have been documented in the documentation of the understanding of this area. If a third party administrator (TPA) is used and is acting as a service organization, complete applicable audit work for a service organization.]~~

## Cash:

- Cash Lead Sheet – Complete the following procedures:
  - Prepare a summary schedule of reconciled cash balances at the opening and closing of the current period. Have the Treasurer sign the Cash Lead Sheet documenting that it's all-inclusive.
  - For depository accounts opened and closed during the period, determine if properly handled. Document this on the cash lead sheet or in a separate memo.
  - Identify the individual funds that are required by law or contractual agreement to maintain separate accounts and ascertain that separate accounts are maintained. Document on the cash lead sheet or in a separate memo.
- Bank Confirmations
  - Confirm account balance information with financial institutions. Request confirmations as of the financial statement date for each depository account identified, including those closed during the year.
- Bank reconciliation or proof of cash should be performed (must do one or the other). Be sure to include unbudgeted funds and revolving accounts. Auditors may choose to do proof of cash for some accounts and reconciliations for others, based on risk assessment.
- Savings account balances and CDs – Obtain or prepare an analysis of activity during the year in investments. Test the accuracy of the elements of the analysis based on risk assessment. Tie confirmations to general ledger.
- Collateral Pledge Test
  - Confirm collateral pledged to secure deposits with the financial institutions holding the collateral securities as of financial statement date. Ascertain fair value of collateral and determine if the market or face value amount is adequate to secure funds on deposit as required by law.
- Cash Transfers
  - Verify cash transfers from restricted funds have been returned or were separately accounted for in the fund to which the cash was transferred. Review road allocation worksheet for proper calculation. Note for the road allocation worksheet calculation: Per the DLG budget manual, when allocating road funds for administrative costs, "The total of road fund dollars appropriated must not exceed budgeted truck license distribution receipts."
  - Test a sample of interfund transfers and examine authorization by tracing them to fiscal court orders.
- Revolving Accounts – should reconcile to zero after consideration of outstanding receivables and liabilities. Determine if there is a reconciled balance and the nature/source of the balance.
- Investments other than CDs and savings accounts – Complete investments testing based on materiality and risk assessment if the county has investment activities.

**Debt:**

- Debt Schedule or Activity - Obtain or prepare an analysis of debt activity during the period. Include any proceeds borrowed on behalf of a third party entity. Include this debt on confirmation requests. Obtain copies of lease agreements for this debt. Obtain any new debt agreements.
- Confirm debt with financial institutions and lenders (banks, KACoLT, etc.). Obtain any amortization schedules that have been updated from the prior year.
- All debt proceeds and their[its] use should be budgeted and accounted for on the fiscal court's financial statement. This includes debt directly received by the county and debt handled outside by a third party.
- Ensure debt note disclosures are in compliance with GASB 88.
- Lease Activity – Obtain a summary of all leases prepared by the county. Obtain agreements and read all agreements to understand terms. Test disclosure for GASB 87 requirements.

## **Disbursements:**

- Test of Controls
  - Tests of controls are required in the following instances: 1. If substantive procedures alone are not effective to reduce risk to an acceptably low level, typically in highly automated processing environments in which a significant amount of information is initiated, authorized, recorded, processed, or reported electronically. 2. If your risk assessment includes an expectation of the operating effectiveness of controls.
- All material transaction classes must be tested. The auditor may choose one or more of the following suggested tests. Use auditor judgement to determine which tests to perform based on internal controls documentation and risk assessment. Include testing of purchases made by the county on behalf of third party entities, even if these were not budgeted/booked. All tests should include an identification of items tested. See Compliance section of this audit guide for applicable compliance requirements that shall be tested for, if applicable.
  - Suggested testing procedures for disbursements:
    - Test of Individually Significant Item (ISI) Transactions
    - Test of Large and Unusual Transactions
    - Random Sampling
    - Analytical Procedures Used As Substantive Tests
- Credit Cards
  - Determine if the fiscal court, or any department, uses credit cards to make purchases, travel arrangements, etc.
  - Review vendor statements. Scan for large and/or unusual purchases.
  - Test based on auditor judgment, materiality, and risk assessment.
  - Test transactions for allowability, proper support, and accurate recording.
- Grant/Contract Disbursements – If significant grant or contract disbursements were not tested in any procedure above, select transactions to test using auditor judgment, materiality, and risk assessment. Test for the same attributes as other disbursements as well as compliance with contract or grant terms, laws, and regulations. Single audit grant testing is performed in another section.
- Wire transfers, bank EFT, ACH transactions – Ensure compliance with KRS 68.275. Note: risk or fraud and abuse may be greater for these types of transactions if controls are weak. Review bank statements for these types of transactions and determine if the transaction is included in a standing order list approved by the State Local Finance Officer or if the transaction is included on a claims list approved at each fiscal court meeting – must be one or the other.
- Compliance with Bid Laws – For any item tested during disbursements testing that is close to the county’s bid threshold, pull vendor payment reports to check if the payments were structured to avoid bidding requirements (split purchases).
- Purchase Order System – Test to determine if the county is using a purchase order system properly.

- Encumbrances – determine if the county is reporting encumbrances as required by DLG. Determine if the county maintains a list of encumbrances that support the total reported on the fourth quarter report. Expand testing as needed to determine if the county is holding invoices at year end.
- Bonds and Insurance Coverage – Verify official and appointed personnel bond coverage is adequate. Examine bonds for the audit period and subsequent to that period. Inspect insurance policies for coverage and determine if premiums were paid through the subsequent period.
- Verify LGEA disbursements are proper based on guidance from the State Local Finance Officer Policy Manual and KRS 42.455.
- Fourth Year Test of Disbursements – If applicable, determine compliance with KRS 68.310 by testing if the fiscal court expended more than 65% of the budget prior to January 1.

**Jail Commissary:**

*Due to the nature of the funds and prior history the Jail Commissary Fund shall be considered a significant/high risk in all counties containing this fund.*

- Annual Commissary Report - Obtain a copy of the jail commissary's annual report to the Treasurer.
  - Verify that it was submitted to the Treasurer as required by statute. Consult the DLG Budget Manual for guidance.
  - Trace the ending book balance on the report to the book balance on the bank reconciliation.

### **Jail Commissary (Continued):**

- Trace the receipts and disbursements totals on the report to receipts and disbursements ledgers and bank reconciliations.
- Confirm bank account balances and perform~~Perform~~ a Proof of Cash on jail commissary bank accounts.
- Receipts – Determine if jail commissary receipts are properly accounted for according to minimum requirements for handling public funds and jail commissary fund instructions as outlined in the DLG Budget Manual. In addition, perform the following test procedures:
  - Determine if the correct fees are collected. Obtain a listing of fees charged at the jail to identify the fees that should be collected.
  - Compare daily checkout sheet total to the bank deposit (compare cash/checks per checkout sheet to cash/checks per deposit ticket). Determine if there are abnormal delays in daily receipts being deposited. Abnormal delays or differences in receipts deposited could indicate a fraud risk.
- Disbursements
  - Test a sample of disbursements for controls and/or substantive attributes, as well as compliance with KRS 441.135.
  - Be alert for capital asset purchases or purchases exceeding amounts that could have procurement requirements based on the county's administrative code. Determine if further testing is needed.
- Payments to Jail Fund – Confirm payments to jail fund on the disbursements ledger or year-end report. Investigate differences.
- Disbursements to Inmates – Refunds
  - Scan cancelled checks or disbursements records for refunds to inmates. For large amounts or unusual entries, trace to supporting documentation.
  - Review jail's policy for stale checks and inmate balances that have not been remitted to the inmate. Test compliance with KRS 441.137.
- Inmate Accounts – Test inmate accounts to ensure deposits and disbursements are recorded accurately in the inmate accounts. Ensure refunds are being paid to former inmates, when applicable.
  - Compare fees charged to inmates to the fee listing to ensure inmates are being charged correctly.
  - Obtain total inmate balances held by the jail. Test to see that cash balance in bank is sufficient to cover total balances of inmate accounts.
- Sales Tax – Determine if the jail is paying sales tax to the state for taxable commissary items.

### **Capital Assets:**

**The schedule of capital assets is presented as other information under the regulatory basis in accordance with the DLG Budget Manual page 5.**



### **Regulatory Basis Procedures -**

- County's Capital Assets Listing - Obtain and review a copy of the county's capital assets listing, ~~and~~ infrastructure listing, and capital asset policy.
  - Read the capital asset schedule~~[listing]~~ to determine if any information included in the schedule would create a material inconsistency with the entity's financial statements. Read to determine if assets appear classified correctly according to the county's policy~~[assets appear classified correctly according to the county's policy]~~.
  - Remain alert throughout fieldwork for material inconsistencies that come to your attention that may indicate a material misstatement of fact. (AU-C 720)
  - If material inconsistencies are noted, request the auditee correct the information. If management refuses to make the correction, an emphasis of matter paragraph may be needed.
  - Format Schedule of Capital Asset listing for presentation in report.
  - Egregious issues like theft or misuse of public property can be commented on.

### **GAAP Basis Procedures -**

- County's Capital Assets Listing - Obtain and review a copy of the county's capital assets listing and infrastructure listing.
  - Trace beginning balances to prior year audited balances. If there will be differences due to reclassifications or adjustments, add (restated) to the report format schedule and present adjustments to management for review/approval.
- Additions – Determine additions are materially accurate.
- Retirements – Determine retirements are materially accurate.

### **Additional Testing:**

The auditor shall determine if additional testing is needed to ensure the testing of all material transaction classes/funds, accounts, account balances, transfers, and disclosures has been achieved. In addition, significant risks of material misstatement impacting accounts, transaction classes, or disclosures that exceed the documented tolerable misstatement should be addressed through further audit procedures which, in the judgment of the auditor, are sufficient to address the risks.

## APPROPRIATE NOTE DISCLOSURES FOR FINANCIAL STATEMENTS

In order to achieve fair presentation, the notes to the financial statement(s), whether prepared utilizing the regulatory basis or GAAP basis, should include all informative disclosures that are appropriate, including all matters that affect the financial statements' use, understanding and interpretation. Per the Department for Local Government's *County Budget Preparation And State Local Finance Officer Manual*, appropriate note disclosures can generally be categorized as follows:

- Informative Disclosures for items contained in the financial statement(s)
- Additional general disclosures related to matters not specifically identified on the face of the financial statement(s)
- Other disclosures considered necessary to achieve a fair presentation

Examples of required note disclosures for financial statement(s), whether prepared on the regulatory basis or GAAP basis:

- Summary of Significant Accounting Policies, including basis of presentation and basis of accounting
- Details of reconciliation between government-wide and fund financial statements (GAAP only)
- Stewardship, compliance, and accountability
- Deposits and Investments
- Capital Assets (GAAP basis financial statements only; reported as Other Information under regulatory basis presentation)
- Short-Term Debt
- Long-Term Debt
- Lease Obligations
- Inter-fund Balances and Transfers
- Receivables
- Employee Retirement System Participation and Related Commitments and Contributions
- Accounting Changes and Corrections of Errors
- Tax Abatements
- Other Postemployment Benefits

These disclosures would be prepared as required for the GAAP basis of reporting for both types of financial statement presentations. However, it is important to note that GAAP disclosure requirements that are not relevant to the regulatory basis of accounting need not be considered. For instance, as noted above, Capital Assets under the GAAP basis would be reported at historical cost net of accumulated depreciation on the face of the financial statements and in the notes to the financial statements. Under the regulatory basis of accounting, Capital Assets would be reported as "Other Information" instead of in the notes to the financial statements and only disclose the assets at historical cost. There would be no requirement to disclose depreciation expense or accumulated depreciation under the regulatory basis.

Additional General Disclosures that are generally applicable to both financial reporting frameworks related to matters that are not specifically identified on the face of the financial statement(s), when applicable:

- Material Noncompliance

- Restrictions on Assets or Cash Balances
- Related party Transactions
- Subsequent Events
- Commitments and Contingencies

Other Informative Disclosures that are necessary to achieve fair presentation should be included with either GAAP basis financial statements or a regulatory basis financial statement, when applicable, may include:

- Significant Risks and Uncertainties
- Significant Concentrations and Dependencies
- Going Concern Considerations
- Other informative disclosures for items or conditions not evident on the face of the financial statement(s)

## Compliance

In accordance with KRS 43.075, all persons performing audits of a fiscal court shall determine whether the fiscal court is complying with the requirements of the uniform system of accounts adopted under KRS 68.210, which is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, whether there is accurate recording of receipts by source and expenditures by payee, and whether or not each official is complying with all other legal requirements relating to the management of public funds by his office, including all publication requirements. All persons performing audits of a fiscal court shall also evaluate compliance with the applicable statutes. In addition, the auditor shall determine compliance with other applicable statutes or newly enacted legislation which are not listed, based on the situations and circumstances pertaining to the particular fiscal court being audited.

	KRS Number	Title/Description
<b>PLANNING</b>		
1	65.003	Codes of Ethics for City, County, etc. - Interlocal Agreements
2	65.067	Bond Required of Persons Handling Public Funds
3	65.905	Local Governments Required to File Uniform Financial Information Report; Use of Report by Department for Local Government
4	67.080 & 67.083	Powers of Fiscal Court
5	67.100	Records of Fiscal Court
6	67.710	Powers and Duties of County Judge/Executive
7	67.711	Deputy County Judge/Executive and Office Personnel
8	67.722	Expense Allowance for County Judge/Executive for local county road program
9	68.005	County Administrative Code
10	68.010	County Treasurer; Appointment, Term, Oath, Bond; Appointment of Acting County Treasurer Under Specified Circumstances
11	68.020	Duties and Powers of the County Treasurers
12	68.030	Approval and recording of settlements - must be in open court
13	68.050	Duties of Outgoing County Treasurer
14	68.210	SLFO Prescribes a System of Uniform Accounts
15	68.240	Proposed Budget; Contents; Duties of Fiscal Court
16	68.260	Adoption of Budget by Fiscal Court
17	68.360	Monthly Statement of County Treasurer; Quarterly Statement of County Judge/Executive
<b>CASH SECTION</b>		
18	41.240	Pledge of Securities Required of Depositories
19	66.480 (1-7)	Investment of Public Funds; Limitations; Written Investment Policy; Duties of State Local Debt
<b>DEBT SECTION</b>		
20	58.180	Creation of Nonprofit Corporation to Act as an Instrumentality of Governmental Agency in the
21	65.117	Notice to State Local Debt Officer Required Before Any County Financial Obligation Entered Into
22	65.7703	Authority to Borrow Money in Anticipation of Taxes or Revenues
23	65.7705	Note Maximums
24	65.7707	Maturity of Notes; Payment of Interest
25	65.944	When Approval By SLDO Is Required
26	66.081	Maintenance of Sinking Funds
27	66.310	Approval of County Bonds by State Local Debt Officer
28	Ky Constitution Section 52	County cannot forgive liquidated debts
<b>RECEIPTS SECTION</b>		
29	64.840	Issuance of Receipt for Payment of Fine, Forfeiture, Tax or Fee - Accepting Payment by Debit or
30	67.0802	Sale or Other Disposition of County Property
31	91A.080(8)	Insurance Premium Tax
32	243.075	Regulatory license fees

<b>DISBURSEMENTS SECTION</b>		
33	42.455 (1-4)	Local Government Economic Assistance Program
34	62.050	Bonds, When to be Given
35	65.028	Public-private partnership delivery method of awarding contracts for capital construction projects
36	62.065	Individual Not to be Surety on More Than One Bond
37	65.140	Local Governments Required to Pay for Purchases within 30 Days; Interest Penalty
38	67.720	Bond of County Judge/Executive; Minimum; Record
39	68.110	Expenditure in Excess of Revenue or Diversion of Funds Forbidden
40	68.275	Payment of Claims Against the County; Use of Standing Orders for Payment of Certain Recurrent
41	68.280	Amendment of Budget to Provide for Expenditure of Unanticipated Income
42	68.300	Expenditures in Excess of Budget Fund Void and Illegal
43	68.310	Limit of Expenditures for First Half of Each Fourth Year
44	71.010	Bond and Oath of Jailer; Minimum; Record
45	72.010	Oath and Bond of Coroner; Minimum; Record; Payment of Bond Premiums from County Funds;
46	Section 3 of KY Constitution and	Prohibit Advance Payments for goods or services (County Administrative Code may also prohibit)
47	OAG 79-448	
48	424.260	Procurement procedures where county has not adopted model procurement - Advertisement for bids
49	45A.343	Procurement procedures - Local Model Procurement Code
50	441.135	Canteen for Prisoners-Books of Accounts
51	441.137	Abandoned Balances in Jail Inmate Accounts Go to Canteen Account
52	441.225	Expenditures from Jail Budget; Payment of Jail Personnel
53	45A.300	Cooperative Purchasing
	65.760	Establishment of 911 emergency telephone service by local government - sources and dispositions of revenues - funding.
	202 KAR 6:090	Permitted uses by PSAPs for CMRS funds
<b>PAYROLL</b>		
54	64.530	Compensation of County Officers, Employees, Deputies and Assistants and Members of Fiscal Court - Applicability of KRS 64.368 if Population Decreases Below 70,000
55	64.710	No Lump Sum Expense Allowance
56	67.705	Qualifications - Vacancy - Salary - Minimum Annual Compensation - Exception - Duties and Salaries of Judge/Executive and Magistrates or Commissioners in County Containing a Consolidated County Government
57	141.310(1)	Withholding of Tax from Wages Paid by Employer
58	141.330(1)	Employers to File Quarterly Returns and Make Payments-Liability-Actions-Lien on Property of Employer
59	141.335	Annual Withholding Statement to be Furnished Employee
60	337.285	Time and a Half for Employment in Excess of Forty Hours - Compensatory Time
61	337.320	Record to be Kept by Employer

## Audit Reports

In accordance with KRS 43.075, the format of reports for fiscal courts shall be uniform.

- Draft Regulatory Audit Report Format
- Draft GAAP Audit Report Format

*Note: The draft audit reports are being provided for format purposes only. They include examples of necessary report elements and note disclosures, however they must be modified to meet the specific requirements of the audit being completed. The drafts should be updated to include all the most recent standards to ensure compliance.*

**REGULATORY AUDIT REPORT FORMAT - DRAFT**

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**REPORT OF THE AUDIT OF THE  
\_\_\_\_\_ COUNTY  
FISCAL COURT**

**For The Year Ended  
June 30, 20XX**





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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky

The Honorable \_\_\_\_\_, Governor

\_\_\_\_\_, Secretary

Finance and Administration Cabinet

The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive

Members of the \_\_\_\_\_ County Fiscal Court

~~[Independent Auditor's Report]~~

**Report on the Audit of the Financial Statement**

**Opinions**

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the \_\_\_\_\_ County Fiscal Court, for the year ended June 30, 20XX, and the related notes to the financial statement which collectively comprise the \_\_\_\_\_ County Fiscal Court's financial statement as listed in the table of contents.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the \_\_\_\_\_ County Fiscal Court, for the year ended June 30, 20XX, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the \_\_\_\_\_ County Fiscal Court, for the year ended June 30, 20XX, or the changes in financial position and cash flows thereof for the year then ended.

**Basis for Opinions**

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



### **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 \_\_\_\_\_ County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

*If you have an opinion different than above, talk to your manager*

### **Responsibilities of Management[~~'s Responsibility~~] for the Financial Statement**

Management is responsible for the preparation and fair presentation of the [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 Responsibilities for the Audit of the Financial Statement [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.]~~

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the \_\_\_\_\_ County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

To the People of Kentucky

The Honorable \_\_\_\_\_, Governor

\_\_\_\_\_, Secretary

Finance and Administration Cabinet

The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive

Members of the \_\_\_\_\_ County Fiscal Court

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

~~As described in Note 1 of the financial statement, the financial statement is prepared by the \_\_\_\_\_ 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 \_\_\_\_\_ County Fiscal Court as of June 30, 20XX, 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 \_\_\_\_\_ County Fiscal Court as of June 30, 20XX, 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.]~~

*If you have an opinion different than above, talk to your manager*

**Emphasis of Matter(s)**

*If you have emphasis of matter paragraph, it should go here. See other examples of emphasis of matter paragraphs in binder. Additional guidance is also available in AU-C 706*

*If no Emphasis of Matter paragraph is needed, please move Other Matters section on next page to this page – it fits.*



To the People of Kentucky  
 The Honorable \_\_\_\_\_, Governor  
 \_\_\_\_\_, Secretary  
 Finance and Administration Cabinet  
 The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive  
 Members of the \_\_\_\_\_ County Fiscal Court

## Other Matters

### *Supplementary~~and Other~~ Information*

**~~[(NOTE: Remove the SEFA info from the following 2 paragraphs if not Single Audit)]~~**

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the \_\_\_\_\_ 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.

### **Other Information**

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

~~[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.]~~

***Additional Other Matters go here***

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

In accordance with *Government Auditing Standards*, we have also issued our report dated (FW) on our consideration of the \_\_\_\_\_ 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the \_\_\_\_\_ County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Responses or (remove one) Schedule of Findings and Questioned Costs (if this is a Single Audit) included herein, which discusses the following report findings: (remove this paragraph if no report findings [~~not needed~~])

20XX-001 The Fiscal Court

Respectfully submitted,

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

(FW - put EOF/Report date in Binder Properties)

\_\_\_\_\_ COUNTY OFFICIALS  
For The Year Ended June 30, 20XX

**Fiscal Court Members:**

*start here*

*list all at this indentation*

County Judge/Executive

Magistrate

Magistrate

Magistrate

Magistrate

Magistrate

Magistrate

Magistrate

Magistrate

**Other Elected Officials:**

County Attorney

Jailer

County Clerk

Circuit Court Clerk

Sheriff

Property Valuation Administrator

Coroner

**Appointed Personnel:**

County Treasurer

Chief Financial Officer

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

**For The Year Ended June 30, 20XX**

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

**For The Year Ended June 30, 20XX**

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$
In Lieu Tax Payments			
Excess Fees			
Licenses and Permits			
Intergovernmental			
Charges for Services			
Miscellaneous			
Interest			
Total Receipts	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>DISBURSEMENTS</b>			
General Government			
Protection to Persons and Property			
General Health and Sanitation			
Social Services			
Recreation and Culture			
Transportation Facility and Services			
Roads			
Airports			
Bus Services			
Other Transportation Facilities and Services			
Road Facilities			
Debt Service			
Capital Projects			
Administration			
Total Disbursements	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Other Adjustments to Cash (Uses)</b>			
Bond Proceeds or Financing Obligation Proceeds			
Payroll Revolving Account			
Investments Purchased			
Investments Redeemed			
Transfers From Other Funds			
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Change in Fund Balance			
Fund Balance - Beginning	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund Balance - Ending	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$	\$	\$
Plus: Deposits In Transit			
Less: Outstanding Checks			
Certificates of Deposit			
Investments			
Fund Balance - Ending	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>

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

COUNTY  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

<b>Budgeted Funds</b>						
<b>Local Government Economic Assistance Fund</b>	<b>Blank 1 Fund</b>	<b>Blank 2 Fund</b>	<b>Blank 3 Fund</b>	<b>Blank 4 Fund</b>	<b>Blank 5 Fund</b>	<b>Blank 6 Fund</b>
\$	\$	\$	\$	\$	\$	\$
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$	\$	\$
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

	<u>Unbudgeted Funds</u>		
	<i>(linked to GO Bond Rec &amp; App) Fund</i>	<i>(linked to PPC Rec &amp; App) Fund</i>	<b>Jail Commissary Fund</b>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$
In Lieu Tax Payments			
Excess Fees			
Licenses and Permits			
Intergovernmental			
Charges for Services			
Miscellaneous			
Interest			
Total Receipts	<u>          </u>	<u>          </u>	<u>          </u>
<b>DISBURSEMENTS</b>			
General Government			
Protection to Persons and Property			
General Health and Sanitation			
Social Services			
Recreation and Culture			
Transportation Facility and Services			
Roads			
Airports			
Bus Services			
Other Transportation Facilities and Services			
Road Facilities			
Debt Service			
Capital Projects			
Administration			
Total Disbursements	<u>          </u>	<u>          </u>	<u>          </u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other Adjustments to Cash (Uses)</b>			
Bond Proceeds			
Payroll Revolving Account			
Investments Purchased			
Investments Redeemed			
Transfers From Other Funds			
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)	<u>          </u>	<u>          </u>	<u>          </u>
Net Change in Fund Balance			
Fund Balance - Beginning	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance - Ending	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$	\$	\$
Plus: Deposits In Transit			
Less: Outstanding Checks			
Certificates of Deposit			
Investments			
Fund Balance - Ending	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>

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





COUNTY  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND BALANCES - REGULATORY BASIS  
 For The Year Ended June 30, 20XX  
 (Continued)**

	Internal Service Funds			Total Internal Service Funds
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Facility and Services				
Roads				
Airports				
Bus Services				
Other Transportation Facilities and Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Bond Proceeds				
Payroll Revolving Account				
Investments Purchased				
Investments Redeemed				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0
<b>Composition of Fund Balance</b>				
Bank Balance	\$	\$	\$	\$
Plus: Deposits In Transit				
Less: Outstanding Checks				
Certificates of Deposit				
Investments				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

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

**INDEX FOR NOTES  
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\_\_\_\_\_  
**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 20XX**

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

**A. Reporting Entity**

The financial statement of \_\_\_\_\_ County includes all budgeted and unbudgeted funds under the control of the \_\_\_\_\_ 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]acting for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

[List component units] 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, they [are]no longer are required components of the reporting entity. Audits of the following entities can be obtained from the \_\_\_\_\_ County Fiscal Court (put in FC address): (List CU's whose audits are completed as of the end of our field work) (delete previous sentence if there are no complete CU audits and entire paragraph if there no CU's)

**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.

**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(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.

ADD descriptions for any additional funds.

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

~~Homeland Security Fund - The primary purpose of this fund is to account for some emergency equipment expenses of the county. The primary sources of receipts for this fund are federal and state grants.~~

~~County Police Account Fund - The primary purpose of this fund is to account for additional law enforcement expenses of the county. The primary sources of receipts for this fund are fines and forfeitures.]~~

~~(add or delete funds as necessary - include, at a minimum, the fund's purpose and source(s) of receipts. Can also include use of disbursements if relevant.)~~

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds: **NOTE: Per DLG, the only unbudgeted funds should be PPC type and Jail Commissary. If the county has any other unbudgeted funds, consult with your manager - they should probably be budgeted (and would need a comment) and document this consultation and results in the workpapers.**

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.

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. **(add or delete funds as necessary)**

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

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

**D. Budgetary Information**

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board [~~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. **(Remove if not needed)**

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. **(Remove if not needed or add any unbudgeted funds here)**

**E.                      County Elected Officials**

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

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

\_\_\_\_\_  
**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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

**H. Related Obligations and Joint Ventures (Delete if Not Applicable)**

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

Blank County Water District  
 Blank County Fire District

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

Blank County Airport Board  
 Blank Community Action Group

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 2. Deposits and Investments-Everything is OK**

**A. Deposits (if no B. Investments section, can remove the sub-heading 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.

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, 20XX, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**A. Deposits - Collateral Insufficient w/Agreement**

**(Use this when the County has an agreement in place but the bank did not pledge sufficient assets to cover the County's deposits at either year-end or on the high date. This is used only when the fiscal court is not at fault. If there is not a security agreement in place, this is not used.)**

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.

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, 20XX, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of \_\_\_\_\_, 20\_\_, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$ \_\_\_\_\_
- (OR)**



**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

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*. On \_\_\_\_\_, 20\_\_, ~~public funds were~~~~[the fiscal court's bank balance was]~~ exposed to custodial credit risk because the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$ \_\_\_\_\_

**A. Deposits - Collateral Insufficient - No Agreement**

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 not met, as the fiscal court did not have a written agreement with the bank.

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 fiscal court 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*. On \_\_\_\_\_, 20\_\_, the fiscal court's bank balance was exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured      \$ \_\_\_\_\_

**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**B. Investments** – Remove/revise to fit the county. If investments are present, keep this section but tailor it to fit the county, i.e. remove SIPC language if not applicable.

As of June 30, 20XX, 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
Cash Equivalents	\$	\$	\$	\$	\$
U.S. Treasury					
Mutual Funds					
Certificates of Deposit					
Investments:					
U.S. Government and					
U.S. Agencies Bonds					
U.S. Agencies CMOs					
Municipal Bonds (KY)					
Total Investments					
Total Fund Balance	\$ 0	\$ 0	\$ 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 \$\_\_\_\_\_ of certificates of deposit and \$\_\_\_\_\_ of investments in securities held by the counterparties’ trust departments in the fiscal court’s name. The counterparty maintains the \$\_\_\_\_\_ 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;

**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(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.<sup>[5]</sup>
- 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.<sup>[5]</sup>
- 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.<sup>[5]</sup>
- 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.

**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

According to KRS 66.480, the ~~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. (Please review their investment policy to ensure this is accurate) *As of June 30, 20XX, the fiscal court does not have any investments in these categories. **OR** As of June 30, 20XX, the fiscal court has investments of less than 20 percent in these categories. **OR** As of June 30, 20XX, the fiscal court has investments of \_\_ percent in these categories which is more than the 20 percent limit set by state statute.*

The fiscal court's rated investments, as of June 30, 20XX, 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			
Cash Equivalents	\$	\$	\$	\$	\$	\$	\$
U.S. Treasury							
Mutual Funds							
Certificates of Deposit							
Investments:							
U.S. Government and							
U.S. Agencies Bonds							
U.S. Agencies CMOs							
Municipal Bonds (KY)							
Total Investments							
Total Fund Balance	\$	0 \$	0 \$	0 \$	0 \$	0 \$	0

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**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. **Or** More than 5 percent of the fiscal court’s investments are in \_\_\_\_\_ and \_\_\_\_\_ **(list name of investment)**. These investments are \_\_\_ percent and \_\_\_ percent, respectively, of the fiscal court’s total investments. All of the investments reported in the fiscal court’s \_\_\_\_\_ fund are \_\_\_\_\_ **(list name of investment)**.

**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.

**OR**

**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 exposure to foreign currency risk is as follows:

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Cost Basis</u>
			\$ _____
Total			<u>\$           0</u>

The fiscal court’s investments in foreign currency-denominated \_\_\_\_\_ **(type of investment)** were rated \_\_\_\_\_ by \_\_\_\_\_ **(name of rating agency such as Standard & Poor’s)** and \_\_\_\_\_ by \_\_\_\_\_ **(name of rating agency)**. The fiscal court’s investment policy permits it to invest up to \_\_\_\_\_ percent of total investments in foreign currency-denominated investments. The fiscal court’s current position is \_\_\_ percent.

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 20XX.

	General Fund	Road Fund	LGEA Fund	Central Dispatch Fund	Homeland Security Fund	Total Transfers In
General Fund	\$	\$	\$	\$	\$	\$
Road Fund						
Jail Fund						
LGEA Fund						
General Obligation Bond Fund						
Blank Fund						
<b>Total Transfers Out</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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. **(Change reason as necessary)**

**Note 4. Custodial Funds – delete if not needed**

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

The fiscal court has the following custodial fund(s):

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 20XX, was \$0.

County Police Seized Funds Fund - This fund accounts for funds seized by the                    County Police and held until the court system issues orders on what to do with the funds. The balance in the county police seized funds fund as of June 30, 20XX, was \$0.

**(Add any that may be needed or remove any not needed)**

B. Private-purpose trust funds – **delete if not needed** are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The fiscal court has the following private purpose trust fund(s):

**Add trust name & description**

\_\_\_\_\_  
**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 5. Leases [~~Land Held For Resale~~]**

**1. Lessor**

During the current fiscal year, the County Name began leasing office space in old jail building to the County AG Extension Office. The lease is for five years and the County Name will receive monthly payments of \$1,000. The County Name recognized \$6,000 in lease revenue during the current fiscal year related to this lease. As of June 30, 20XX, the County Name's receivable for lease payments was \$54,000.

**2. Lessee**

During the current fiscal year, the County Name entered into a three-year lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$23,664 during the current fiscal year. As of June 30, 20XX, the value of the lease liability was \$18,405. The County Name is required to make monthly principal payments of \$657.

The future principal and interest lease payments as of June 30, 20XX, were as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
20XX	\$	\$	\$
20XX	\$	\$	\$
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**(Delete if not necessary)**

**Note 6. Short-term Receivable**

**(Delete if not necessary)**

**Note 7. Short-term Debt**

**A. Direct Borrowings and Direct Placements (delete if none)** (Direct borrowing and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale.)

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

Short-term Debt activity for the year ended June 30, 20XX, was as follows:

Add table from short-term tab in <Z-12A> (or delete note)

**Note 8. Long-term Debt**

**Long-term Debt Note Guidance:**

*In addition to what was already required for Long-term debt disclosures, GASB 88 requires the disclosure of additional essential debt-related information for all types of debt (not just direct borrowings):*

- Including amounts of unused lines of credit

- *Assets pledged as collateral for debt.*

*Also required to be disclosed are terms specified in debt agreements related to:*

- *Significant events of default with finance-related consequences.*
- *Significant termination events with finance-related consequences.*
- *Significant subjective acceleration clauses.*

*In notes to financial statements, a government should separate information in debt disclosures regarding (a) direct borrowings and direct placements of debt from (b) other debt.*

**A. Direct Borrowings and Direct Placements (delete if none)** (Direct borrowing and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale.)

- 1. Descriptor for Loan Directly Borrowed from Financial Institution (fire trucks, vehicle, KACO Lease for the Purchase of Asset, etc.)**

*(Include if applicable: ) The county has an unused line of credit in the amount of \$\_\_\_\_\_.*

Note description and repayment schedule

*Include (2.) if there are more than one direct borrowing or direct placements*

**B. Other Debt** (can be in any order, but this is everything other than direct borrowings from bank or direct placements)

- 1. Bonds**

Note description and repayment schedule



COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 8. Long-term Debt (Continued)**

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

Long-term Debt activity for the year ended June 30, 20XX, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$	\$	\$	\$	\$
General Obligation Bonds					
General Obligation Notes					
Revenue Bonds					
Financing Obligations					
<b>Total Long-term Debt</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**D. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations at June 30, 20XX, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
20XX				
20XX				
20XX				
20XX				
20XX				
20XX-20XX				
20XX-20XX				
20XX-20XX				
<b>Totals</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**Note 9. Commitments and Contingencies – Delete if not needed**

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

**Note 10. Commitment Debt (Add commitment debt, delete if not necessary)**

Include commitment debt. Debt the county may have to pay off/ is paying for others (joint jail), because the entity does not have the funds or FC is paying some and another FC is paying some (talk to manager or QA manager if you have any questions) *This would not include debt that is in the fiscal court's name and another entity is actually making the payments on the fiscal court's behalf.*

#### **Note 11. Employee Retirement System**

**Delete Green from this note if no hazardous duty retirement employees.**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.)[~~(KRS)~~]. This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 20XX was \$, FY 20XX was \$, and FY 20XX was \$.

#### Nonhazardous

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

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 11. Employee Retirement System (Continued)**

Nonhazardous (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Ky. Ret. Sys. [~~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 26.95[~~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 Ky. Ret. Sys.[~~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.

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 44.33[~~39.58~~] percent.

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 11. Employee Retirement System (Continued)**

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:

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

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

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

Benefits are covered under KRS ~~78.5536~~[161.714 with exception of COLA and retiree health benefits after July 2003].

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

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

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

Tier 2 member benefits are covered by KRS ~~78.5536~~[161.714 with exception of COLA and retiree health benefits after July 2003]. Tier 3 members are not covered by the same provisions.

**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 11. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

B. 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.

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

Ky. Ret. Sys.[KRS] Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys.[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.

Ky. Ret. Sys.[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.

**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 12. Deferred Compensation**

The \_\_\_\_\_ 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, 2<sup>nd</sup> Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

**Note 13. Health Reimbursement Account/Flexible Spending Account**

The \_\_ County Fiscal Court, in Fiscal Court Order No. \_\_ established a flexible spending account on \_\_\_\_\_ to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides \_\_\_\_\_. Employees may also contribute additional pre-tax funds through payroll deduction. The balance of the plan is \$ \_\_\_\_\_. (Change as necessary)

**Note 14. Insurance**

For the fiscal year ended June 30, 20XX, the \_\_\_\_\_ 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 15. Subsequent Events**

**(Delete if not necessary)**

**Note 16. Related Party Transactions**

**(Delete if not necessary)**

**Note 17. Payroll Revolving Account**

The reconciled balance of the payroll revolving account as of June 30, 20XX, was added to the general fund cash balance for financial reporting purposes. (See guidance in the payroll addendum for note disclosure, comments, F/S presentation)

**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 18. Conduit Debt**

From time to time, the county has issued (bonds, notes, etc.) to provide financial assistance to (xyz industrial authority, etc.) for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the \_\_\_ County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 20XX[2019], conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**DO NOT INCLUDE AMOUNTS UNLESS THEY HAVE BEEN AUDITED**  
 (Delete if not necessary) (Change as necessary)

**Note 19. Tax Abatement(s)**

The \_\_\_ tax (include name of tax such as property tax) was abated under the authority of \_\_\_ (include authority which tax abatement was provided). The \_\_\_ is eligible to receive this tax abatement due to \_\_\_ (include criteria that recipient is eligible to receive tax abatement). The taxes are abated by \_\_\_ (provide mechanism by which taxes are abated such as reduction of assessed value). Recapture of abated taxes can occur by \_\_\_ (include provisions for recapturing abated taxes). \_\_\_ (include name of tax abatement recipient) made the following commitment(s) \_\_\_ (include information regarding the type of commitment(s) made by tax abatement recipient). For fiscal year ended June 30, 20XX, \_\_\_ abated \_\_\_ taxes (name of tax) totaling \$ \_\_\_ (include gross dollar amount on accrual basis). As part of the tax abatement agreement, the \_\_\_ County Fiscal Court (or replace with other government) committed to \_\_\_ (include info regarding commitment made by government).

If applicable, tax abatement agreements of other governments (such as a city) These would be agreements entered into by other governments that reduce the fiscal court's tax revenues.

The \_\_\_ (include name of government(s) that entered into the agreements) entered into a tax abatement agreement to abate \_\_\_ taxes (include name of taxes abated). For fiscal year ended June 30, 20XX, the amount of taxes abated was \$ \_\_\_ (include gross dollar amount of taxes abated).

\_\_\_ County Fiscal Court had additional tax abatement programs which did not meet a reporting threshold of \$ \_\_\_ (documented in work papers) that was established by the county. In aggregate, the amount was less than \$ \_\_\_ (quantify and support in work papers) for the fiscal year ending June 30, 20XX.

**Note 20. Asset Retirement Obligation**  
 (see M-13 for guidance)  
 (Delete if not necessary)

**Note 20. Prior Period Adjustments**  
 (Delete if not necessary)

**\_\_\_\_\_ COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 20XX**



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\_\_\_\_\_  
**COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 20XX**

	<u>GENERAL FUND</u>			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Facilities and Services				
Roads				
Airports				
Bus Services				
Other Transportation Facilities and Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Facilities and Services				
Roads				
Airports				
Bus Services				
Other Transportation Facilities and Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

COUNTY  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Facilities and Services				
Roads				
Airports				
Bus Services				
Other Transportation Facilities and Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

	<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Facilities and Services				
Roads				
Airports				
Bus Services				
Other Transportation Facilities and Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

COUNTY  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

	<b>BLANK 1 FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Facilities and Services				
Roads				
Airports				
Bus Services				
Other Transportation Facilities and Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$           0	\$           0	\$           0	\$           0

**COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

	<b>BLANK 2 FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Facility and Services				
Roads				
Airports				
Bus Services				
Other Transportation Facilities and Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

COUNTY  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

	<b>BLANK 3 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Facility and Services				
Roads				
Airports				
Bus Services				
Other Transportation Facilities and Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0



**COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

<b>BLANK 4 FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Transportation Facility and Services				
Roads				
Airports				
Bus Services				
Other Transportation Facilities and Services				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

\_\_\_\_\_  
COUNTY  
NOTES TO REGULATORY SUPPLEMENTARY  
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 20XX

**Note 1. Budgetary Information**

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

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

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

**Note 2. Reconciliation of the General Fund (if necessary)**

**USE A SCHEDULE IF THE RECONCILIATION IS COMPLICATED**

*The Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis differs from the Budgetary Comparison Schedule for the general fund for [##] intergovernmental receipts and debt service by \$36,700 due to payments by the Administrative Office of the Courts directly to the trustee for debt service.*

**Note 3. Excess of Disbursements Over Appropriations (if necessary) MAKE SURE YOU HAVE AN AUDIT COMMENT (exit if under ISI; report if over ISI ) IF THEY HAVE OVERSPENT ANY LINE ITEM**

General fund general government (line item overspent) exceeded budgeted appropriations by \$\_\_\_\_\_.

(Delete/change above if necessary)

**\_\_\_\_\_ COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 20XX**

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\_\_\_\_\_ COUNTY  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 20XX**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of _____</u></b>				
<i>Direct Program</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State Department _____</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State Department _____</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State _____ Cabinet:</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State Department of _____ -ARRA:</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b>Non-Cash Expenditures</b>				
<b><u>U.S. Department of _____</u></b>				
			\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
Total Expenditures of Federal Awards			\$ 0	\$ 0

SCHEDULE ABOVE WAS INSERTED AND SCHEDULE BELOW WAS DELETED.

The accompanying notes are an integral part of this schedule

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of _____</u></b>				
<i>Direct Program</i>				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			<u>-</u>	<u>-</u>
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State Department _____</i>				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			<u>-</u>	<u>-</u>
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State Department _____</i>				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			<u>-</u>	<u>-</u>
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State _____ Cabinet:</i>				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			<u>-</u>	<u>-</u>
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State Department of _____ -ARRA:</i>				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			<u>-</u>	<u>-</u>
<b>Non-Cash Expenditures</b>				
<b><u>U.S. Department of _____</u></b>				
			\$ -	\$ -
<b>Total U.S. Department of _____</b>			<u>-</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this schedule

COUNTY  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

The accompanying notes are an integral part of this schedule

\_\_\_\_\_ COUNTY  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 20XX**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of \_\_\_\_\_ County, Kentucky under programs of the federal government for the year ended June 30, 20XX. 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 \_\_\_\_\_ County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of \_\_\_\_\_ 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 (Per Uniform Guidance, this note stays in, even if no indirect cost plan)**

\_\_\_\_\_ County **has not adopted an indirect cost rate and** ~~or~~ **has/has not (CHOOSE has or has not) elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. [(choose one)]**

**Note 4. \_\_\_\_\_ Loan Programs (Remove if no loans)**

The \_\_\_\_\_ loan programs listed subsequently are administered directly by the \_\_\_\_\_ County Fiscal Court, and balances and transactions relating to these programs are included in the \_\_\_\_\_ County Fiscal Court's financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 20XX, consists of:



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

**For The Year Ended June 30, 20XX**

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\_\_\_\_\_ COUNTY  
**NOTES TO OTHER INFORMATION - REGULATORY BASIS**  
**SCHEDULE OF CAPITAL ASSETS**

**June 30, 20XX**

**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		
Buildings and Building Improvements		
Equipment		
Vehicles		
Infrastructure		

**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***

**Use one of the following 3 Letters and Delete the 2 you do not use**

**(No Material Weaknesses Identified, No Significant Deficiencies Identified, No Reportable Instances of  
Noncompliance or Other Matters Identified)**

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

[The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ 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

[The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court]

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the \_\_\_\_\_ County Fiscal Court for the fiscal year ended June 30, 20XX and the related notes to the financial statement which collectively comprise the \_\_\_\_\_ County Fiscal Court's financial statement and have issued our report thereon dated (FW).

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the \_\_\_\_\_ County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing ~~to determine the~~ audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control.

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

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



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

**Compliance And Other Matters**

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

**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  
Frankfort, Ky

(FW - Insert EOF/Report Date in Binder Properties)



**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***

**(No Material Weaknesses Identified; Significant Deficiencies and Reportable Instances of Noncompliance, and  
Other Matters Identified)**

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

[The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ 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

The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the \_\_\_\_\_ County Fiscal Court for the fiscal year ended June 30, 20XX, and the related notes to the financial statement which collectively comprise the \_\_\_\_\_ County Fiscal Court's financial statement and have issued our report thereon dated (FW).

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the \_\_\_\_\_ County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing [to determine the] audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. [However, material weaknesses may exist that have not been identified.] We did identify (a) [identified] certain deficiency(ies) in internal control, [which are] described in the accompanying Schedule of Findings and Responses **or Schedule of Findings and Questioned Costs** as items [List the reference numbers of the related findings, for example 20XX-001, 20XX-002, 20XX-003, and 20XX-004] that we consider to be (a) significant deficiency(ies) [as item(s)] [List the reference numbers of the related findings, for example, 20XX-001, 20XX-003, and 20XX-004].



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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the \_\_\_\_\_ County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the [~~determination of~~]financial statement[~~amounts~~]. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed (an) instance(s) of noncompliance or other matters that (is)are required to be reported under *Government Auditing Standards* and which (is)are described in the accompanying Schedule of Findings and Responses *or* Schedule of Findings and Questioned Costs as item(s) [*List the reference numbers of the related findings, for example, 20XX-001, 20XX-003, and 20XX-004*].

**(Or replace last sentence with the following)** The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**(If the County Judge/Executive has responded to any comments, include this paragraph)**

**Views of Responsible Official(s) and Planned Corrective Action**

\_\_\_\_\_ County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses (or 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  
Frankfort, Ky

(FW - Insert EOF/Report Date in Binder Properties)

**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***

**(Material Weaknesses and Significant Deficiencies and Reportable Instances of Noncompliance, and  
Other Matters Identified)**

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

[The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ 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

The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the \_\_\_\_\_ County Fiscal Court for the fiscal year ended June 30, 20XX, and the related notes to the financial statement which collectively comprise the \_\_\_\_\_ County Fiscal Court's financial statement and have issued our report thereon dated (FW).

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the \_\_\_\_\_ County Fiscal Court's internal control over financial reporting (internal control) to ~~as a basis for designing~~~~[determine the]~~ audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses *or Schedule of Findings and Questioned Costs*, we identified (a) certain deficiency(ies) in internal control that we consider to be (a) material weakness(es) [*and another/other deficiency(ies) that we consider to be (a) significant deficiency(ies)*].

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 deficiency(ies) described in the accompanying Schedule of Findings and Responses *or Schedule of Findings and Questioned Costs* as item(s) [*List the reference numbers of the related findings, for example, 20XX-001, 20XX-003, and 20XX-004*] to be (a) material weakness(es).



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)**

***If you do not have significant deficiencies, delete paragraph***

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 deficiency(ies) described in the accompanying Schedule of Findings and Responses *or Schedule of Findings and Questioned Costs* as item(s) [*List the reference numbers of the related findings, for example, 20XX-002 and 20XX-005*] to be (a) significant deficiency(ies).

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the \_\_\_\_\_ County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the ~~determination of~~ financial statement ~~amounts~~. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed (an) instance(s) of noncompliance or other matters that (is) are required to be reported under *Government Auditing Standards* and which (is) are described in the accompanying Schedule of Findings and Responses *or Schedule of Findings and Questioned Costs* as item(s) [*List the reference numbers of the related findings, for example, 20XX-001, 20XX-003, and 20XX-004*].

**(Or replace last sentence with the following)** The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***(If the County Judge/Executive has responded to any comments, include this paragraph)***

**Views of Responsible Official(s) and Planned Corrective Action**

\_\_\_\_\_ County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses (or 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  
Frankfort, Ky

(FW - Insert EOF/Report Date in Binder Properties)



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

(Unmodified Opinion on Compliance for Each Major Federal Program; No Reportable Audit Findings of Noncompliance; No Material Weaknesses or Significant Deficiencies in Internal Control over Compliance Identified)  
See S-66 tab for versions of this letter with findings, qualified opinion, material weakness or significant deficiencies

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

[The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court]  
Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance

Independent Auditor's Report

The Honorable \_\_\_\_\_, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court

**Report on Compliance for Each Major Federal Program**

Opinion on Each Major Federal Program

We have audited the \_\_\_\_\_ County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit [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 \_\_\_\_\_ County Fiscal Court's major federal programs for the year ended June 30, 20XX. The \_\_\_\_\_ 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.

In our opinion, \_\_\_\_\_ County Fiscal Court complied, in all material respects, with the 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, 20XX.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of \_\_\_\_\_ County Fiscal Court and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of \_\_\_\_\_ County Fiscal Court's compliance with the compliance requirements referred to above.

**Responsibilities of Management[~~'s Responsibility~~] for Compliance**



Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of law, statutes, regulations, rules and provisions of contracts or grant agreements~~[and the terms and conditions of its federal awards]~~ applicable to \_\_\_\_\_ County Fiscal Court's~~its~~ federal programs.

### **Auditor's Responsibilities for the Audit of Compliance [Responsibility]**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on \_\_\_\_\_ County Fiscal Court's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about \_\_\_\_\_ County Fiscal Court's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding \_\_\_\_\_ County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of \_\_\_\_\_ County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 \_\_\_\_\_ County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

~~[Our responsibility is to express an opinion on compliance for each of the \_\_\_\_\_ 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 \_\_\_\_\_ 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 \_\_\_\_\_ County Fiscal Court's compliance.]~~

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

**[Opinion on Each Major Federal Program]**

[In our opinion, the \_\_\_\_\_ 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, 20XX.]

**Report on Internal Control over Compliance**

[Management of the \_\_\_\_\_ 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 \_\_\_\_\_ 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 as a basis for designing audit 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 \_\_\_\_\_ 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 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 Auditor's Responsibilities for the Audit of Compliance ~~[first paragraph of this]~~ section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance ~~[significant deficiencies or material weaknesses]~~. Given these limitations, during our audit we ~~[We]~~ did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were ~~[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  
Frankfort, Ky

(FW - Insert EOF/Report Date in Binder Properties)

**\_\_\_\_\_ COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 20XX**

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\_\_\_\_\_ COUNTY  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 20XX**

**See S-62 and S folder Guidance Section for comprehensive guidance; remember to delete all red guidance herein.**

**Section I: Summary of Auditor’s Results**

***Financial Statement***

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

*[For regulatory basis reports, always adverse on GAAP and then unmodified, qualified, adverse, or disclaimer on Regulatory (if there are different opinions for various opinion units, indicate the type of report for each opinion unit)]*

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Type of auditor’s report issued on compliance for major federal programs [ <i>unmodified, qualified, adverse, or disclaimer</i> ]:		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing[CFDA] Number</u>	<u>Name of Federal Program or Cluster</u>

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

COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 20XX  
(Continued)

**Section II: Financial Statement Findings**

*State Laws And Regulations*

20XX[2020]-001            The

---

*(For all findings(State Laws and Regulations, Internal Control Material Weaknesses and Internal Control Significant Deficiencies): Copy in body from RCW/RNI – However, DO NOT include the headings (Condition and Context, Effect...[-])\_ Put the finding(s) in paragraph form.*

*(The following headings/information should follow each finding (State Laws and Regulations, Internal Control Material Weaknesses and Internal Control Significant Deficiencies):*

Views of Responsible Official and Planned Corrective Action:

*Copy in the county’s response from the Views of Responsible Officials and Management’s Corrective Action Plan form)*

**NOTE – IF SINGLE AUDIT, OFFICIAL’S RESPONSES (Corrective Action Plans) MUST BE ON LETTERHEAD FOR ALL FINDINGS.**

Auditor’s Reply:

*(If Applicable)*

*Internal Control - Material Weaknesses*

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: (Use this if the jailer also responded. If only the J/E responds, you don’t need to include this.)*

*(Same as above)*

*Internal Control - Significant Deficiencies*

Views of Responsible Official and Planned Corrective Action:

*(Same as above)*

**COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

**Section III: Federal Award Findings And Questioned Costs**

20XX[2020]-001 The

---

*Federal Program: Assistance Listing Number*[CFDA] (Need both program[Put in CFDA] title and number)

*Award Number and Year:*

*Name of Federal Agency and Pass-Through Agency:*

*Compliance Requirements:*

*Type of Finding: (Material Weakness, Significant Deficiency, Noncompliance)*

*Amount of Questioned Costs:*

*Opinion Modification: (if applicable) If findings causes modified opinion, note here*

*Remember to identify COVID-19 Findings*

*[If finding causes modified opinion add here]*

***(For all federal findings: Copy in body from RCW/RNI – However, DO NOT include the headings (Condition and Context, Effect...), Put the finding(s) in paragraph form. All of these elements are required: Condition & Context, Cause, Effect, Criteria, Recommendation, Identification of Questioned Costs and how computed, whether finding is a repeat of a py finding***

***The county’s Corrective Action Plan MUST be on the county’s letterhead for Single Audits.***

*Identification of Questioned Costs and How Computed:*

*Repeat Finding: Repeat finding of 20XX-001.*

Views of Responsible Official and Planned Corrective Action:

***(Same as above)***

**Section IV: Summary Schedule of Prior Audit Findings (All PY Report findings)**

Auditor follow-up work should document accuracy of the findings disposition. See CFR 200.511 for guidance on audit finding follow-up.

Finding Number	Prior Year Finding Title	Status	Corrective Action
20XX-001	The Example County Fiscal Court Did Not Have Sufficient Internal Controls Over Capital Asset Records	Unresolved	See corrective action for current year finding 20XX-002

INSERTED SCHEDULE ABOVE AND DELETED SCHEDULE BELOW

Finding Number	Prior Year Finding Title	Status	Corrective Action
2018-001	The Example County Fiscal Court Did Not Have Sufficient Internal Controls Over Capital Asset Records	Unresolved	See corrective action for currenty year finding 2019-002

**Note: This schedule information should be prepared by the auditee. See form in single audit section.**

**If results of current year audit procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding consult with your manager. This should result in a current year finding in the schedule of findings and questioned costs.**

**Discuss this with the auditee – they may want to change their response on the SSPAF.**

COUNTY  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 20XX**  
**(Continued)**



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\_\_\_\_\_  
COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 20XX

STATE LAWS AND REGULATIONS:

20XX[2019]-001    The

---

*(For all findings (State Laws and Regulations, Internal Control Material Weaknesses and Internal Control Significant Deficiencies): Copy in body from RCW/RNI - However, DO NOT include the headings (Condition and Context, Effect...) Put the finding(s) in paragraph form and make sure the finding makes sense. Comment elements can be re-ordered to improve clarity, i.e., criteria can be documented before condition if this improves the readability and clarity of the comment.*

*(The following headings/information should follow each finding (**State Laws and Regulations, Internal Control Material Weaknesses, and Internal Control Significant Deficiencies**):*

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: (Use this if the jailer also responded, otherwise, it's not necessary)*

*If the official did not provide a response use this statement: The official did not provide a response.*

*Copy in the county's response from the Views of Responsible Officials and Management's Corrective Action Plan form)*

**Auditor's Reply:**

*(Include if necessary, otherwise delete)*

*Guidance: If the official's response contradicts the comment, is argumentative, or faults the auditors (e.g. "I gave the auditors all the reports they asked for and they still wrote me up") an auditor's reply may be necessary. Consult your manager for help determining the need for and in writing the reply. Replies should be composed before the audit is turned in for level 2 review.*

INTERNAL CONTROL - MATERIAL WEAKNESSES:

*See comment formatting instructions above.*

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES:

*See comment formatting instructions above.*



COUNTY  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

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

\_\_\_\_\_ COUNTY FISCAL COURT

**For The Year Ended June 30, 20XX**

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

State law requires the Auditor of Public Accounts to annually audit fiscal courts, county clerks, and sheriffs; and print the results in a newspaper having general circulation in the county. The complete audit and any other audit of state agencies, fiscal courts, county clerks, sheriffs, and property valuation administrators may be viewed in the reports section of the Auditor of Public Accounts' website at [www.auditor.ky.gov](http://www.auditor.ky.gov) or upon request by calling 1-800-247-9126.

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**GAAP AUDIT REPORT - DRAFT**

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**REPORT OF THE AUDIT OF THE  
\_\_\_\_\_ COUNTY  
FISCAL COURT**

**For The Year Ended  
June 30, 20XX**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841**



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APPENDIX A:

CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky  
The Honorable \_\_\_\_\_, Governor  
\_\_\_\_\_, Secretary  
Finance and Administration Cabinet  
The Honorable \_\_\_\_\_, County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court

~~[Independent Auditor's Report]~~

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the~~[accompanying]~~ financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the \_\_\_\_\_ County Fiscal Court, as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise the \_\_\_\_\_ County Fiscal Court's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of \_\_\_\_\_ County Fiscal Court, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**[Management's Responsibility] Responsibilities of Management for the Financial Statements**

\_\_\_\_\_ County Fiscal Court management~~[Management]~~ is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for~~[- this includes]~~ the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.





MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about \_\_\_\_\_ County Fiscal Court's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's ~~Responsibility~~ Responsibilities for the Audit of the Financial Statements**

~~[Our responsibility is to express an opinion on the basic financial statements 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 statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.~~

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 2022 GAAP - Binder Updates County Fiscal Court's internal control. Accordingly, no such opinion is expressed.





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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 2022 GAAP - Binder Updates County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

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

**[Opinions]**

[In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the \_\_\_\_\_ County Fiscal Court's as of June 30, 20XX, and the respective changes in its financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.]

**Emphasis of Matter paragraphs go here, if needed**

**[Other Matters]**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages \_\_ through \_\_, the Budgetary Comparison Schedules on pages \_\_ through \_\_, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page \_\_ and Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions on page \_\_ be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*If all of the RSI is omitted, the paragraph on RSI would be replaced with the following:*

*Management has omitted [identify the missing required supplementary information, such as management's discussion and analysis and budgetary comparison information and RSI for pension & OPEB] that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. (Modify this for appropriate language and add required RSI)*

*[Other] Supplementary Information – Remove if SEFA Is NOT included in report*

Our audit was conducted for the purpose of forming opinions on the financial statements~~[as a whole]~~ that collectively comprise the \_\_\_\_\_ County Fiscal Court's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated FW on our consideration of the \_\_\_\_\_ County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of \_\_\_\_\_ County Fiscal Court's 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 \_\_\_\_\_ County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Responses (*or if single audit*, Schedule of Findings and Questioned Costs) included herein, which discusses the following report comments:

20XX-001 The Fiscal Court  
20XX-002

Respectfully submitted,

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

End of Fieldwork Date

\_\_\_\_\_ COUNTY OFFICIALS  
For The Year Ended June 30, 20XX

**Fiscal Court Members:**

*start here*

*list all at this indention*

County Judge/Executive

Magistrate

Magistrate

Magistrate

Magistrate

Magistrate

Magistrate

Magistrate

Magistrate

**Other Elected Officials:**

County Attorney

Jailer

County Clerk

Circuit Court Clerk

Sheriff

Property Valuation Administrator

Coroner

**Appointed Personnel:**

County Treasurer

Chief Financial Officer

\_\_\_\_\_ County  
**Management's Discussion and Analysis**  
**June 30, 20XX**

The financial management of the \_\_\_\_\_ County Fiscal Court offers readers of the \_\_\_\_\_ County Fiscal Court's financial statements this narrative overview and analysis of the financial activities of the \_\_\_\_\_ County Fiscal Court for the fiscal year ended June 30, 20XX. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our letter of transmission and the notes to the financial statements.

**Financial Highlights.**

- .....

**Overview of the Financial Statements.**

\_\_\_\_\_ County  
Management's Discussion and Analysis  
June 30, 20XX  
(Continued)

**Government-wide Financial Statements.**  
**(Discussion of Statement of Net Assets and Statement of Activities)**

**Fund Financial Statements.**

**Discussion of:**

**Governmental Funds**

**Proprietary Funds**

**Fiduciary Funds Financial Statements.**

**Component Units Financial Statements.**

**Notes to the Financial Statements.**

**Net Assets. Changes in Net Assets. (Financial Analysis of County as a Whole)**

**Financial Analysis of the County's Funds.**

**Proprietary Funds Overview.**

**General Fund Budgetary Highlights.**

**Capital Assets and Debt Administration.**

**Other Matters.**

**Requests For Information.**

**\_\_\_\_\_ COUNTY**  
**BASIC FINANCIAL STATEMENTS**

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\_\_\_\_ COUNTY  
**STATEMENT OF NET POSITION**  
**June 30, 20XX**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$	\$	\$	\$
Investments				
Accounts Receivable				
Rent Receivable				
Rental Deposits (Restricted)				
Total Current Assets				
Noncurrent Assets:				
Land Held For Development				
Bond Issuance Costs				
Capital Assets - Net of Accumulated Depreciation				
Construction In Progress				
Land and Land Improvements				
Buildings				
Other Equipment				
Vehicles and Equipment				
Web-Site Development Costs				
Infrastructure				
Total Noncurrent Assets				
Total Assets				
<b>Deferred Outflows of Resources</b>				
Deferred Amount Related to Pension Plan				
Deferred Amount Related to Post-Employment Benefits other than Pension				
Loss on Refunding Debt				
Total Deferred Outflows of Resources				
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable				
Bonds Payable				
Financing Obligations Payable				
Accrued Payroll				
Compensated Absences				
Lease Payable				
Total Current Liabilities				
Noncurrent Liabilities:				
Bonds Payable				
Financing Obligations Payable				
Net Pension Liability				
Net OPEB Liability				

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

COUNTY  
**STATEMENT OF NET POSITION**  
**June 30, 20XX**  
**(Continued)**

Total Liabilities				
-------------------	--	--	--	--

**Deferred Inflows of Resources**

Deferred Amount Related to Pension Plan				
Deferred Amount Related to Post-Employment Benefits other than Pension				
Total Deferred Inflows of Resources				

	<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>	<b>Component Units</b>	

**NET POSITION**  
 Invested in Capital Assets,

\_\_\_\_ COUNTY  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 20XX**

<b>Functions/Programs</b>	<b>Program Revenues Received</b>			
<b>Reporting Entity</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$	\$	\$	\$
Protection to Persons and Property	-			
General Health and Sanitation	-			
Social Services	-			
Recreation and Culture	-			
Roads	-			
Airports	-			
Road Facilities	-			
Debt Service	-			
Capital Projects	-			
<b>Total Governmental Activities</b>	-			
Business-type Activities:				
Jail Canteen				
<b>Total Business-type Activities</b>				
<b>Total Primary Government</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>Component Units:</b>				
County Component Unit 3	\$	\$	\$	\$
County Component Unit 2				
County Component Unit				
<b>Total Component Units</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>General Revenues:</b>				
Taxes:				
Real Property Taxes				
Personal Property Taxes				
Motor Vehicle Taxes				
Other Taxes				
Excess Fees				
Unrestricted Investment Earnings				
Gain on Sale of Assets				
Miscellaneous Revenues				
Accrued Interest Received				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning (Restated)				
Net Position - Ending				

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

COUNTY  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Totals	Component Units
\$	\$	\$	\$
\$	0	\$	0
\$	0	\$	0
\$	0	\$	0
\$	0	\$	0

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

\_\_\_\_ COUNTY  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 June 30, 20XX

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Park Construction Bond Fund</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$	\$	\$	\$
Investments				
Due From Other Funds				
Total Assets				
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Cash Shortages				
Due To Other Funds				
Total Liabilities				
 <b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Inventory				
Permanent Fund Principal				
<b>Restricted For:</b>				
Recreation and Culture				
Protection to Persons and Property				
<b>Committed To:</b>				
General Health and Sanitation				
Roads				
<b>Assigned To:</b>				
Recreation and Culture				
Protection to Persons and Property				
Roads				
<b>Unassigned</b>				
Total Fund Balances				
Total Liabilities and Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0

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



\_\_\_\_\_ COUNTY  
**RECONCILIATION OF THE BALANCE SHEET  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
 June 30, 20XX**

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:**

Total Fund Balances	\$
Amounts Reported For Governmental Activities In The Statement	
Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources	
And Therefore Are Not Reported in the Funds.	
Accumulated Depreciation	
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	
Financing Obligations	
Bonds	
Long-term Receivables	
Internal Service Fund Net Assets	<hr/>
Net Position Of Governmental Activities	<hr/> <u>\$           0</u> <hr/>

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

\_\_\_\_\_ COUNTY  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 20XX**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Park Construction Bond Fund</u>
<b>REVENUES</b>				
Taxes				
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous				
Interest				
Total Revenues	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>EXPENDITURES</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Roads				
Airports				
Road Facilities				
Debt Service:				
Principal				
Interest				
Bond Issuance Cost				
Capital Projects				
Administration				
Total Expenditures	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets				
Bond Issuance				
Discount On Bond Issuance				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Financing Sources (Uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Change in Fund Balances				
Fund Balances - Beginning				
Fund Balances - Ending	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>

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





\_\_\_\_\_ COUNTY  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 20XX**

Net Change in Fund Balances - Total Governmental Funds \$ 0

Amounts reported for governmental activities in the Statement of Activities are different because Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay

Depreciation Expense

Assets disposed of, net book value

The issuance of long-term debt (e.g. bonds, financing obligations) provides current financial resources to governmental funds, while repayment of principal on long-term debt consumes the current financial resources of Governmental Funds. These transactions, however, have no effect on net assets.

Bond and other debt

Financing Obligations Principal Payments

Bond Principal Payments

Change in Net Position of Governmental Activities \$ 0

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

\_\_\_\_ COUNTY  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**June 30, 20XX**

	<b>Business-Type Activities - Enterprise Fund</b>			<b>Totals</b>
	<b>Jail Commissary Fund</b>			
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$	\$	\$	\$
Total Current Assets				
Noncurrent Assets:				
Capital Assets:				
Vehicles and Equipment				
Less Accumulated Depreciation				
Total Noncurrent Assets				
Total Assets				
<b>Liabilities</b>				
Total Liabilities				
<b>Net Position</b>				
Invested in Capital Assets, Net of Related Debt				
Unrestricted				
Total Net Position	\$ 0	\$ 0	\$ 0	\$ 0

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

\_\_\_\_\_ COUNTY  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND NET POSITION - PROPRIETARY FUNDS**  
**For The Year Ended June 30, 20XX**

	<b>Business-Type Activities - Enterprise Fund</b>			
	<b>Jail Commissary Fund</b>			<b>Totals</b>
<b>Operating Revenues</b>				
Canteen Receipts	\$	\$	\$	\$
Total Operating Revenues				
<b>Operating Expenses</b>				
Cost of Sales				
Educational and Recreational				
Personnel Costs				
Depreciation				
Miscellaneous				
Total Operating Expenses				
Operating Income (Loss)				
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income				
Inmate Pay From State				
Inmate Refunds				
Total Nonoperating Revenues (Expenses)				
Change In Net Assets				
Total Net Position - Beginning				
Total Net Position - Ending	\$ 0	\$ 0	\$ 0	\$ 0

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

\_\_\_\_ COUNTY  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For The Year Ended June 30, 20XX**

	<b>Business-Type Activities - Enterprise Fund</b>			<b>Totals</b>
	<b>Jail Commissary Fund</b>	<b>Regional Jail Corporation</b>	<b>Justice Center Expansion Corporation</b>	
<b>Cash Flows From Operating Activities</b>				
Cash Receipts From Customers for Sales	\$	\$	\$	\$
Cash Payments to Vendors				
Cash Payments to Employees				
Net Cash Provided (Used) By Operating Activities				
<b>Cash Flows From Noncapital Financing Activities</b>				
Inmate Pay From State				
Inmate Refunds on Accounts				
Net Cash Provided (Used) By Noncapital Financing Activities				
<b>Cash Flows From Capital and Related Financing Activities</b>				
Net Cash Provided (Used) By Capital and Related Financing Activities				
<b>Cash Flows From Investing Activities</b>				
Interest Earned				
Net Cash Provided (Used) By Investing Activities				
Net Increase (Decrease) in Cash and Cash Equivalents				
Cash and Cash Equivalents - July 1				
Cash and Cash Equivalents - June 30	\$ 0	\$ 0	\$ 0	\$ 0

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

\_\_\_\_\_ COUNTY  
**STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS**  
**June 30, 20XX**

	<b>Custodial Funds</b>		
	<b>Fund</b>	<b>Fund</b>	<b>Total Funds</b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents			\$
Total Assets			
<b>Liabilities</b>			
Amounts Held In Custody For Others			
Total Liabilities			
<b>Net Position</b>			
Total Net Position	\$ 0	\$ 0	\$ 0

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

\_\_\_\_\_ COUNTY  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For The Year Ended June 30, 20XX**

	<b>Custodial Funds</b>		
	<b>Fund</b>	<b>Fund</b>	<b>Total Funds</b>
<b>Additions</b>			
Sales tax collections for other governments			\$ -
Miscellaneous			
Total additions			
<b>Deductions</b>			
Administrative expense			\$
Payments of sales tax to other governments			
Total deductions			
Net increase (decrease) in fiduciary net position			
Net position - beginning			\$
Net position - ending	\$ 0	\$ 0	\$ 0

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

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TO THE FINANCIAL STATEMENT**

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\_\_\_\_\_  
COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 20XX

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

**A. Basis of Presentation**

The financial statements of the \_\_\_\_\_ County Fiscal Court have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units by the Governmental Accounting Standards Board (GASB).

**B. Reporting Entity**

The financial statements of the \_\_\_\_\_ County Fiscal Court include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, GASB 39, and GASB 61 was determined on the basis of the government's ability to significantly influence operations, select the governing authority, and participate in financial management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or their exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented. Based upon the criteria stated in GASB 14, GASB 39, and GASB 61 management has included *[list included blended component units]* as blended component units. Management has also included *[list discretely presented component units]* as discretely presented component units.

Blended Component Units

The following legally separate organizations provide their services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. These organizations' balances and transactions are reported as though they are part of the county's primary government using the blended method.

*[Provide a description of the component units included in the financial reporting entity, a description of the relationship between component units and the primary government, a discussion of the criteria for including component units, a discussion of how component units are reported (i.e., blended or discretely presented)]*

Discretely Presented Component Units *If there are no Component Unit(s), delete this note and the following Component Unit notes*

The component units' columns in the government-wide financial statements include the data of the following organizations. They are reported on the Statement of Net Position and the Statement of Activities in a separate column that is labeled as "Component Units" to emphasize these organizations' separateness from the fiscal court's primary government.

*[Provide a description of the component units included in the financial reporting entity, a description of the relationship between component units and the primary government, a discussion of the criteria for including component units, a discussion of how component units are reported (i.e., blended or discretely presented) and information on how to obtain the separately issued financial statements of component units.]*

COUNTY  
NOTES TO FINANCIAL STATEMENT  
June 30, 20XX  
(Continued)

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

**C. Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on sales, fees, and charges for support. Fiduciary funds are also excluded from the government-wide financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred. All assets and liabilities of the primary government are included. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financials.

Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenues once provider-imposed eligibility requirements have been met.

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.

The Statement of Net Position presents the reporting entity's non-fiduciary assets and deferred outflows and liabilities and deferred inflows, the difference being reported as net position. Net position is reported in three categories: 1) net investment in capital assets - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to other acquisition, construction, or improvement of those assets; 2) restricted net position - consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net position - net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are presented as general revenues. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

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

**C. Government-wide and Fund Financial Statements (Continued)**

**Fund Financial Statements**

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Governmental Funds:

Separate financial statements are provided for governmental funds, ~~and~~ proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements (delete this part if no fiduciary funds). Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The primary government reports the following major governmental funds:

*Add or remove major fund descriptions as necessary to agree to financial statements.*

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of revenue 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 expenditures 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 revenue 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 expenditures separately from the general fund.

The primary government also has the following non-major funds: *List non-major funds*

Special Revenue Funds:

The road fund, jail fund, and state grants fund are presented as special revenue funds. Special revenue funds are used to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes. *Modify to agree to financial statements*

State Grants Fund - The primary purpose of this fund is to account for grants received from the state government. *Also add a description for any fund not already described above.*

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

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

**C. Government-wide and Fund Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

Capital Projects Fund:

[**Example**] The park construction bond fund is presented as a capital projects fund. Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities and purchase of capital assets.

Debt Service Funds:

[**Example**] The general obligation bond fund, Regional Jail Corporation fund, and Justice Center Expansion Corporation fund are presented as debt service funds. Debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Fiduciary Fund:

Fiduciary funds are used to account for resources held for the benefit of parties outside the            County Fiscal Court. These funds are not reflected in the Government-wide Financial Statements because the resources of these funds are not available to support the county's own activities or programs. The measurement focus and basis of accounting for fiduciary funds are the same as that of the proprietary funds. [~~report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's custodial fund is used to account for monies held by the county in the jail inmate fund for custodial purposes. Unlike other funds, the custodial fund reports assets and liabilities only; therefore, it has no measurement focus.~~]

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days of year-end and available to pay obligations of the current period). The revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, charges for services, interest income, and intergovernmental revenues. All other governmental revenues are recognized when received. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, considered unearned until expenditures are made.

Nonexchange transactions, in which the county receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Property taxes levied to finance fiscal year 20XX are recorded when there is an enforceable legal claim and when the revenue is measurable and available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the county must provide local resources to be used for a specified purpose. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

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

**C. Government-wide and Fund Financial Statements (Continued)**

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the county's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The primary government reports the following major proprietary fund:

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.

**Presentation of Component Units**

The financial statements present the following major discretely presented component units: Component Unit 1, Component Unit 2, and Component Unit 3.

These component units are presented in separate columns in the combined financial statements. They are also reported on the Statement of Net Position and the Statement of Activities in a separate total column that is labeled as "Component Units" to emphasize these organizations' separateness from the fiscal court's primary government.

**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.

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

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

**D. Budgetary Information**

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. **(Remove if not needed)**

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. **(Remove if not needed or add any unbudgeted funds here)**

**Include a note describing why any funds were not budgeted that were required to be budgeted. NOTE: Per DLG, the only unbudgeted funds should be PPC type and Jail Commissary. If the county has any other unbudgeted funds, consult with your manager - they should probably be budgeted (and would need a comment) and document this consultation and results in the workpapers.**

**E.            County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting            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            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 banks or savings and loan institutions 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).

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

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

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes, and financing obligations are reported.

In the fund financial statements, governmental fund types recognize 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 expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Capital Assets and Depreciation**

Capital assets, which include land, construction in progress, land improvements, buildings, building improvements, landfill, equipment, books, vehicles, 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 in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. Fund financial statements for governmental funds expense capital assets when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Governmental Activities Estimated Lives
Buildings and Building Improvements	25-50 Years
Land Improvements	20 Years
Technology Equipment	3-7 Years
Vehicles	5-10 Years
General Equipment	7-10 Years
Roads (Below PCI Index)	15-25 Years

**I. Fund Equity**

In the fund financial statements, the difference between the assets and deferred outflows and liabilities and deferred inflows of governmental funds is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

Non-spendable fund balances are those that cannot be spent on future obligations and must be maintained intact legally or contractually.

COUNTY  
NOTES TO FINANCIAL STATEMENT  
June 30, 20XX  
(Continued)

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

**I. Fund Equity (Continued)**

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Spendable includes the following:

- Restricted-amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed-amounts constrained for a specific purpose by the county using its highest level of decision making authority.
- Assigned-for all governmental funds, other than general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, amounts constrained by intent to be used for a specified purpose by the county or the delegated county committee or official given authority to assign amounts.
- Unassigned-for the general fund, amounts not classified as non-spendable, restricted, committed, or assigned. For all other governmental funds, amount expended in excess of resources that are non-spendable, restricted, committed or assigned.

For resources considered committed, the county issues an ordinance or resolution that can only be changed with another corresponding ordinance or resolution.

For resources considered assigned, the county has designated the *(sample committee or sample official)* to carry out the intent of the fiscal court.

It is the policy of the county to spend restricted resources first, when both restricted and unrestricted resources are available to spend on the activity. Once restricted resources are exhausted, then committed, assigned, and unassigned resources will be spent in that order on the activity. **Modify for the specific county.**

*(If not apparent on the balance sheet-shown in the aggregate, then amounts for each classification of fund balance must be shown in the note.)*

Encumbrances, although not reported on the balance sheet, are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances can also include invoices for goods or services received at June 30, but not yet paid and not included as an accounts payable. Significant encumbrances at year end are reported by major funds and non-major funds in the aggregate and included with the commitments and contingencies note disclosure, if applicable.



COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

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

**J. Related Obligations, Joint Ventures, and Jointly Governed Organizations (Delete if Not Applicable)**

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

Blank County Water District  
 Blank County Fire District

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

Blank County Airport Board  
 Blank Community Action Group

**K. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**L. Receivables**

In the Government-Wide Financial Statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the Government Activities include payroll taxes.

In the Governmental Fund Financial Statements, material receivables include revenue accruals, such as occupational taxes, grants, and other similar revenues since they are usually both measurable and available. Non-exchange transactions, collectable but not available, are deferred in the Governmental Fund Financial Statements in accordance with the basis of accounting. Interest and investment earnings are recorded when earned only if paid within 90 days of the year end, since they would be considered both measurable and available.

**M. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within Governmental Activities are eliminated in the Statement of Net Position.

\_\_\_\_ COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 June 30, 20XX  
 (Continued)

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

**N. Compensated Absences**

*(Modify as needed to fit county. This is included as an example. Be sure to address all arrangements for compensated absence)* Fiscal Court employees earn vacation in proportion to years of service. Vacation time accrues on a per pay period basis. Vacation time may accumulate from year to year up to a maximum of thirty days. Once the maximum is reached, employees must use or forfeit the time. Employees that give proper notice receive pay for unused vacation time that has not expired.

Short-term sick leave accrues on a per pay period basis at the rate of five days per year and may accumulate up to a maximum of twelve days. Employees do not get paid for their unused sick time upon termination.

The county police and the road department have a separate contract for sick leave. These employees earn 40 hours of sick leave per year. The entire 40 hours is given to them in January. If they are still employed by the fiscal court on December 31, they receive pay for their unused sick time the following January. If they are not employed on December 31, they do not get paid for their unused sick time.

The remaining fiscal court employees also receive 40 hours of sick leave in January; however, they do not get paid for their unused sick time.

**O. Adoption of Accounting Principle - GASB Statement No. 87 [84, 88] *(Modify as needed to fit county. This is included as an example)***

The \_\_\_\_\_ County Fiscal Court adopted GASB Statement No. 87 Leases which improves accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. [84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.]

~~[The \_\_\_\_\_ County Fiscal Court adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance related consequences, and significant acceleration clauses]~~

**P. Deferred Outflows/Inflows**

GASB Statement No. 63 provides financial reporting guidance relative to deferred outflows of resources, a consumption of net assets by the entity that is applicable to a future reporting period, and a deferred inflow of resources, acquisition of net assets by the county that is applicable to a future reporting period. GASB Statement No. 68, GASB Statement No. 71, and GASB Statement No. 75 provide financial reporting guidance relative to deferred inflows/outflows as a result of pension OPEB related transactions.

*Guidance: GASB Cod. 2300.130 .130 Balances of deferred outflows of resources and deferred inflows of resources reported in a statement of net position or a governmental fund balance sheet may be aggregations of different types of deferred amounts. Governments should provide details of the different types of deferred amounts in the notes to the financial statements if significant components of the total deferred amounts are obscured by aggregation. Disclosure in the notes to the financial statements is required only if the information is not displayed on the face of the financial statements.*

**COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 2. Deposits and Investments**

**A. Deposits** (if no B. Investments section, can remove the sub-heading A. Deposits)

The fiscal court (and component units) 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. [if requirements were not met, say so here]

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, 20XX, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. (Component unit discussion here - both blended and discrete - if applicable)

**B. Investments**– Remove/revise to fit the county. If investments are present, keep this section but tailor it to fit the county, i.e., remove SIPC language if not applicable.

As of June 30, 20XX, the fiscal court has the following investments and maturities:

Type	Fair Value	Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Cash Equivalents	\$	\$	\$	\$	\$
U.S. Treasury					
Mutual Funds					
Certificates of Deposit					
Investments:					
U.S. Government and					
U.S. Agencies Bonds					
U.S. Agencies CMOs					
Municipal Bonds (KY)					
Total Investments					
Total Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

**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. (Verify this is correct per the FC's investment policy. Could be instances where statute does not require collateral as discussed below.) 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 the 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 \$ \_\_\_\_\_ of certificates of deposit and \$ \_\_\_\_\_ of investments in securities held by the counterparties' trust departments in the fiscal court's name. The counterparty maintains the \$ \_\_\_\_\_ of certificates of deposit at depository institutions insured by the FDIC and limits certificates of deposit at each depository institution to \$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;
- 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 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.

According to KRS 66.480, the~~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. (Please review their investment policy to ensure this is accurate) ***As of June 30, 20XX, the fiscal court does not have any investments in these categories. OR As of June 30, 20XX, the fiscal court has investments of less than 20 percent in these categories. OR As of June 30, 20XX, the fiscal court has investments of \_\_\_percent in these categories which is more than 20 percent limit set by state statute.***

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

The fiscal court’s rated investments, as of June 30, 20XX, 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	Fair Value	
	AAA/Aaa	AA/Aa	A	WR				
Cash Equivalents	\$	\$	\$	\$	\$	\$	\$	
U.S. Treasury								
Mutual Funds								
Certificates of Deposit								
Investments:								
U.S. Government and								
U.S. Agencies Bonds								
U.S. Agencies CMOs								
Municipal Bonds (KY)								
Total Investments								
Total Fund Balance	\$	0	\$	0	\$	0	\$	0

**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. **Or** More than 5 percent of the fiscal court’s investments are in \_\_\_\_\_ and \_\_\_\_\_ (list name of investment). These investments are \_\_\_ percent and \_\_\_ percent, respectively, of the fiscal court’s total investments. All of the investments reported in the fiscal court’s \_\_\_\_\_ fund are \_\_\_\_\_ (list name of investment).

**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.

**OR**

**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 exposure to foreign currency risk is as follows:

\_\_\_\_ COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

The fiscal court's investments in foreign currency-denominated \_\_\_\_\_ (type of investment) were rated \_\_\_\_\_ by \_\_\_\_\_ (name of rating agency such as Standard & Poor's) and \_\_\_\_\_ by \_\_\_\_\_ (name of rating agency). The fiscal court's investment policy permits it to invest up to \_\_\_\_\_ percent of total investments in foreign currency-denominated investments. The fiscal court's current position is \_\_\_\_\_ percent.

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>
			_____
Total			<u>\$ 0</u>

**Note 3. Interfund Transfers**

The table below shows the interfund operating transfers for fiscal year 20XX.

	<u>General Fund</u>	<u>Jail Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Transfers In</u>
Road Fund	\$	\$	\$	\$
Jail Fund				
General Obligation				
Non-Major				
Total Transfers Out	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them. (Change reason as necessary)



COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 20XX, was as follows:

	Reporting Entity			Balance June 30, 2022
	Balance July 1, 2021	Additions	Deductions	
<b><u>Primary Government: Governmental Activities</u></b>				
Capital Assets Not Being Depreciated:				
Land				\$
Roads				-
Construction In Progress				-
<b>Total Capital Assets Not Being Depreciated</b>				
Depreciable Capital Assets				
Land Improvements				
Buildings and Building Improvements				
Equipment				
Furniture and Office Equipment				
Vehicles				
Roads				
<b>Total Depreciable Capital Assets</b>				
<b>Total Capital Assets at Historical Cost</b>				
Less Accumulated Depreciation For:				
Land Improvements				
Buildings and Building Improvements				
Equipment				
Furniture and Office Equipment				
Vehicles				
Roads				
<b>Total Accumulated Depreciation</b>				
<b>Total Capital Assets, Being Depreciated, Net</b>				
<b>Governmental Activities Capital Assets, Net</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>
	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>
	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>
	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>

COUNTY  
NOTES TO FINANCIAL STATEMENT  
June 30, 20XX  
(Continued)

Note 4. Capital Assets (Continued)

<u>Business-Type Activities:</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>
Capital Assets Not Being Depreciated:				
Land		\$           0	\$           0	\$
Construction In Progress				
Total Capital Assets Not Being Depreciated				
Depreciable Capital Assets				
Land Improvements				
Buildings and Building Improvements				
Furniture and Office Equipment				
Vehicles, Machinery, and Equipment				
Totals at Historical Cost				
Total Capital Assets at Historical Cost				
Less Accumulated Depreciation For:				
Land Improvements				
Buildings and Building Improvements				
Furniture and Office Equipment				
Vehicles, Machinery, and Equipment				
Total Accumulated Depreciation				
Depreciable Capital Assets, Net				
Business-Type Activities Capital Assets, Net	\$           0	\$           0	\$           0	\$           0

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 4. Capital Assets (Continued)**

Depreciation expense was charged to functions of the primary government as follows:

	Year Ended June 30, 2022
<u>Governmental Activities:</u>	
General Government	
Protection to Persons and Property	
General Health and Sanitation	
Social Services	
Recreation and Culture	
Roads, Including Depreciation of General Infrastructure Assets	
Total Depreciation Expense - Governmental Activities	\$ 0
<u>Business-Type Activities</u>	
Golf Course	
Assisted Housing	
Total Depreciation Expense - Business-Type Activities	\$ 0

**Note 5. Leases [~~Land Held For Resale~~]**

**1. Lessor**

During the current fiscal year, the County Name began leasing office space in old jail building to the County AG Extension Office. The lease is for five years and the County Name will receive monthly payments of \$1,000. The County Name recognized \$6,000 in lease revenue during the current fiscal year related to this lease. As of June 30, 20XX, the County Name's receivable for lease payments was \$54,000.

**2. Lessee**

During the current fiscal year, the County Name entered into a three-year lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$23,664 during the current fiscal year. As of June 30, 20XX, the value of the lease liability was \$18,405. The County Name is required to make monthly principal payments of \$657.

The future principal and interest lease payments as of June 30, 20XX, were as follows:

Fiscal Year			
Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ -	\$ -
2022	-	-	-
<b>Totals</b>	\$ -	\$ -	\$ -

**(Delete if not necessary)**

**Note 6. Short-term Receivable**

**(Delete if not necessary)**

**Note 7. Short-term Debt**

**A. Direct Borrowings and Direct Placements (delete if none)** (Direct borrowing and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale.)

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

Short-term Debt activity for the year ended June 30, 20XX, was as follows:

Add table from short-term tab in <Z-12A> (or delete note)

**Note 8. Long-term Debt**

**Long-term Debt Note Guidance:**

*In addition to what was already required for Long-term debt disclosures, GASB 88 requires the disclosure of additional essential debt-related information for all types of debt (not just direct borrowings):*

- *Including amounts of unused lines of credit*
- *Assets pledged as collateral for debt.*

*Also required to be disclosed are terms specified in debt agreements related to:*

- *Significant events of default with finance-related consequences.*
- *Significant termination events with finance-related consequences.*
- *Significant subjective acceleration clauses.*

*In notes to financial statements, a government should separate information in debt disclosures regarding (a) direct borrowings and direct placements of debt from (b) other debt.*

**A. Direct Borrowings and Direct Placements (delete if none)** (Direct borrowing and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale.)

**1. Descriptor for Loan Directly Borrowed from Financial Institution (fire trucks, vehicle, KACO Lease for the Purchase of Asset, etc.)**

*(Include if applicable: ) The county has an unused line of credit in the amount of \$\_\_\_\_\_.*

Note description and repayment schedule

*Include (2.) if there are more than one direct borrowing or direct placements*

**B. Other Debt** *(can be in any order, but this is everything other than direct borrowings from bank or direct placements).* GASB 88 additional disclosures apply to all debt not just direct borrowings, so lines of credit, collateral, etc. would apply here too.

**1. Bonds**

Note description and repayment schedule

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 8. Long-term Debt (Continued)**

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

Long-term Debt activity for the year ended June 30, 20XX, was as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
<b><u>Governmental Activities:</u></b>					
Direct Borrowings and					
Direct Placements	\$	\$	\$	\$	\$
General Obligation Bonds					
Special Revenue Bonds					
General Obligation Notes					
Unamortized Premium					
Unamortized Discount					
Compensated Absences					
Governmental Activities					
Long-term Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b><u>Business-Type Activities</u></b>					
Direct Borrowings and					
Direct Placements	\$	\$	\$	\$	\$
Financing Obligations					
Compensated Absences					
Business-Type Activities					
Long-Term Liabilities		-		-	-

*(Long-term debt for Discretely Present Component Units and Business Types) - insert schedules as needed*

**D. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations at June 30, 20XX, were as follows:

INSERT SCHEDULE HERE

**Note 9. Interest on Long-term Debt and Financing Obligations**

Debt service on the Statement of Activities includes \$----- in interest on financing obligations and \$----- in interest on bonds and notes. *(Make sure total amount agrees to statement of activities)*

\_\_\_\_ COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 10. Employee Retirement System**

**A. Plan Description**

The \_\_\_\_\_ County Fiscal Court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.)[~~(KRS)~~]. This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, health, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Cost-of-living adjustments are provided at the discretion of the State Legislature. This impacts all retirees regardless of tier. The Board of Trustees determines employer contribution rates necessary for the actuarial soundness of the retirement system. The employer contribution is subject to approval by the Kentucky General Assembly through the adoption of the Biennial Executive Branch Budget. Effective April 1, 2021, the Kentucky Public Pensions Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees that is responsible for the governance of the CERS pension and insurance plans.

The county's contribution rate for nonhazardous employees for fiscal year 20XX was 26.95[~~24.06~~] percent. The county's contribution rate for hazardous employees for fiscal year 20XX was 44.33[~~39.58~~] percent. The county's contribution for FY 19XX was \$-----, FY 19XX was \$-----, and FY 20XX was \$-----.

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members paid from the retirement fund have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children.

Nonhazardous

Benefits fully vest on reaching five years of service for nonhazardous employees. The table below shows additional relevant information concerning nonhazardous employee retirement benefits.

**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 10. Employee Retirement System (Continued)**

Nonhazardous (Continued)

Average of the five highest if participation began before 9/1/2008	2.20%	Member begins participating prior to 8/1/2004	Includes earned service purchased service, prior service, and sick leave (if the member's employer participates in an approved sick leave program)
	2.20%	Member begins participating on or after 8/1/2004 and before 09/01/2008	
Average of the last complete five if participation began on or after 09/01/2008	Increasing percent based on service at retirement* plus 2.00% for each year of service over 30 if	Member begins participating on or after 9/1/2008	

\* **Service (and Benefit Factor) : 10 years or less (1.10%); 10-20 years (1.30%); 20-26 years (1.5%); 26-30 years (1.75%)**

Hazardous (DELETE if county doesn't participate in hazardous)

Benefits fully vest on reaching five years of service for hazardous employees. The table below shows additional relevant information concerning nonhazardous employee retirement benefits.

<b>Before 09/01/2008</b>		
<u>Age</u>	<u>Years of Service</u>	<u>Allowance Reduction</u>
55	5	None
Any	20	None
50	15	6.5% per year for first five years, and 4.5% for next five y before age 55 or 20 years of service.
<b>On Or After 9/01/2008 but before 01/01/2014</b>		
<u>Age</u>	<u>Years of Service</u>	<u>Allowance Reduction</u>
60	5	None
Any	25	None
50	15	6.5% per year for first five years, and 4.5% for next five y before age 60 or 25 years of service

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 10. Employee Retirement System (Continued)**

Hazardous (Continued)

On or After 1/01/2014		
Age	Years of Service	Allowance Reduction
65	5	None
57	25	None
Benefit Formula		
Final Compensation	Benefit Factor	Years of Service
Average of the three highest if participation began before 9/1/2008	2.50% if	Member begins participating on or after 9/1/2008
Average of the three highest complete years if participation began on or after 9/1/2008	Increasing percent based on service at retirement* if	Member begins participating on or after 09/01/2008 but before 01/01/2014
		Includes earned service purchased service, prior service, and sick leave (if the member's employer participates in an approved sick leave program)

\* **Service** (and **Benefit Factor**) : **10 years or less** (1.30%); **10-20 years** (1.50%); **20-25 years** (2.25%); **25+ years** (2.50%)

**B. Net Pension Liability**

As of June 30, 20XX, the fiscal court reported a liability of \$\_\_\_\_\_ (\$\_\_\_\_\_ nonhazardous and \$\_\_\_\_\_ hazardous) for its proportionate share of the collective net pension liability. The total and net pension liability for CERS was actuarially measured as of \_\_\_\_\_ (*check actuarial report for this date*). As of June 30, 20XX, the fiscal court's proportionate share percentage was \_\_\_\_\_ percent. This percentage is based on the long-term share of contributions by the fiscal court in relation to all other participating employers in CERS. KRS 78.510 through KRS 78.880 establishes and governs the plan. CERS information is available in the publicly issued financial report issued by the Kentucky Public Pension Authority[Kentucky Retirement System]. This report can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

*If the proportionate share changed since the prior measurement date, certain additional disclosures apply - see GASB Cod. P20.154 Change in Proportion for guidance.*

Actuarial Assumptions

*Check most recent actuarial report - don't assume these are the latest #s*

The total pension liability determined for Ky. Ret. Sys.[KRS] in the June 30, 2019 proportionate share report was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:



COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 10. Employee Retirement System (Continued)**

Actuarial Assumptions (Continued)

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 through June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	26 years
Asset Valuation Method	5-year smoothed marked
Inflation	2.30 percent
Salary Increases	3.05 percent to 15.55% (varies by service)
Investment rate of return	5.25%, net of pension plan investment expense including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50 percent for males and 30 percent for females). For health retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. *Check actuarial report for updates*

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in the KPPA[~~KRS~~] report dated December 3, 2015. *- Auditor should check for updated report and change dates/information as needed.*

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class.

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The capital market assumptions developed by the investment consultant are intended for use over a ten year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 10. Employee Retirement System (Continued)**

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long- term Expected Real Rate of Return</u>
US Equity		
International Equity		
Global Bonds		
Global Credit		
High Yield		
Emerging Market Debt		
Private Credit		
Real Estate		
Absolute Return		
Real Return		
Private Equity		
Cash Equivalent		
Total	<u>                    </u>	

The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

                     *(date from actuarial report)* is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of                      *(date from actuarial report)* using standard roll forward procedures. The discount rate is defined as the single rate of return that, when applied to all projected payments, results in an actuarial value of projected benefit payments. The long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. A municipal bond rate was not used.

Discount Rate

The following table presents the net pension liability of the fiscal court, calculated using the discount rate of \_\_, as well as what the fiscal court’s net position liability would be if it were calculated using a discount rate that is one percentage point lower (\_\_\_) or one percentage point higher (\_\_\_):

1% Decrease	Current	1% Increase
<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 10. Employee Retirement System (Continued)**

Deferred Inflows/Outflows of Resources

For the year ended June 30, 20XX, the fiscal court recognized pension expense of \$ \_\_\_\_\_ and deferred outflows and deferred inflows related to pensions from the following sources:

*Insert table here - deferred inflows/outflows*

The following changes in assumptions occurred between the measurement date and the reporting date:

*Check retirement audit for changes in assumptions*

The \$ \_\_\_\_\_ of the total deferred outflows of resources resulted from pension contributions made subsequent to the measurement date and will be recognized as a reduction of the new pension liability for the year ended June 30, 20XX. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

*Insert table here*

Membership

Number of Members Non-Hazardous CERS

Active Plan Members	
Retired & Beneficiaries Receiving Benefits	
Inactive Plan Members	
Total Members	_____
	=====

Number of Members Hazardous CERS

Active Plan Members	
Retired & Beneficiaries Receiving Benefits	
Inactive Plan Members	
Total Members	_____
	=====

Pension Plan Fiduciary Net Position

The fiscal court’s fiduciary net position, net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense have been determined on the same basis used by CERS. CERS’ combining financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the plan. Administrative and investment expenses are recognized when incurred.

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 10. Employee Retirement System (Continued)**

Pension Plan Fiduciary Net Position (Continued)

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are reported at cost, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the dividend date. Gain (loss) on investments includes CERS gains and losses on investments bought and sold as well as held during the fiscal year.

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

**(Modify as Necessary after review of the KPPA~~[KRS]~~ audit and actuarial reports)**

**Note 11. Post-Employment Health Care Benefits**

Plan Description

The            County Fiscal Court participates in the County Employees' Retirement System (CERS), which is operated by the Kentucky Public Pension Authority (KPPA)~~[Kentucky Retirement Systems (KRS)]~~. The CERS insurance funds are cost-sharing, multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plans for members that cover all regular full-time members employed in hazardous and nonhazardous duty positions with the fiscal court. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances. All eligible retired fiscal court employees receive health care benefits after retirement.

Employer contribution rates are established annually by the KPPA~~[KRS]~~ Board of Trustees. KPPA~~[KRS]~~ issues separate stand-alone financial statements for the statewide multiple employer cost-sharing plan that provides other postemployment benefits for local government employees participating in CERS.

Under the provisions of Kentucky Revised Statute, Section 61.701, the board of trustees of KPPA~~[KRS]~~ administers the KPPA~~[KRS]~~ Insurance Fund. The KPPA~~[KRS]~~ Insurance Fund was established as a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KPPA~~[KRS]~~: Kentucky employees Retirement System (KERS); CERS; and the State Police Retirement System (SPRS). The assets of the KPPA~~[KRS]~~ Insurance Fund are commingled for investment purposes.

OPEB Proportionate Share Liability

As of June 30, 20XX, the fiscal court reported a liability of \$                    for its proportionate share of the collective net OPEB liability. The total and net OPEB liability for CERS was actuarially measured as of                   . As of June 30, 20XX, the fiscal court's proportionate share percentage was            percent. This percentage is based on the long-term share of contributions by the fiscal court in relation to all other participating employers in CERS. KRS 78.510 through KRS 78.880 establishes and governs the plan. CERS information is available in the publicly issued financial report issued by Kentucky Public Pensions Authority~~[Kentucky Retirement Systems]~~. This report can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 11. Post-Employment Health Care Benefits (Continued)**

Benefits Provided

For members participating prior to July 1, 2003, KPPA[~~KRS~~] pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement.

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

Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008, are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5 percent annually from July 1, 2009.

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

Contributions

For the fiscal year ended June 30, 20XX, plan members who began participating prior to September 1, 2008, were required to contribute 0 percent of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008, and before January 1, 2014, were required to contribute 1 percent of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014, were required to contribute 1 percent of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board of Trustees may amend contribution rates as of the first day of July of the second year of the biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The county's contractually required contribution rate for the year ended June 30, 20XX, was 26.95 percent of annual creditable compensation for non-hazardous employees and 44.33 percent of annual creditable compensation for hazardous employees. Contributions to the pension plan from the county were \$ \_\_\_\_\_ (\$ \_\_\_\_\_ for nonhazardous and \$ \_\_\_\_\_ for hazardous).

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 11. Post-Employment Health Care Benefits (Continued)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 20XX, the county reported a liability of \$ \_\_\_\_\_ for its proportionate share of its net OPEB liability (\$ \_\_\_\_\_ for nonhazardous and \$ \_\_\_\_\_ for hazardous). The net OPEB liability was measured as of \_\_\_\_\_, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The county's proportionate share of the net OPEB liability was based on a projection of the county's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 20XX, the county's proportionate share was \_\_\_\_\_ percent for nonhazardous and \_\_\_\_\_ percent for hazardous which was an increase of \_\_\_\_\_ percent for nonhazardous and a decrease of \_\_\_\_\_ percent for hazardous from its proportionate share measured as of (*date of* KPPA~~[KRS]~~ *report*).

For the year ended June 30, 20XX, the county recognized OPEB expense of \$ \_\_\_\_\_ (\$ \_\_\_\_\_ for hazardous and \$ \_\_\_\_\_ for nonhazardous). At June 30, 20XX, the county reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

*Insert table - deferred outflows/inflows*

Of the total amount reported as deferred outflows of resources related to OPEB, \$ \_\_\_\_\_ resulting from county contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, (*next fy, ex. 2021*). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the county's OPEB expense as follows:

*Insert table*

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 11. Post-Employment Health Care Benefits (Continued)**

Actuarial Valuation

*Insert table here*

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a ten year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

*Insert target asset allocation table*

The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

           is the actuarial valuation date upon which the total OPEB liability is based. An expected total OPEB liability is determined as of           , using standard roll forward procedures. The discount rate is defined as the single rate of return that, when applied to all projected payments, results in an actuarial value of projected benefit payments. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. A municipal bond rate was not used.

Actuarial Assumptions used to Determine the Total OPEB Liability and the Net OPEB Liability

*From most recent actuarial report*

Actuarial Assumptions used to Determine the Actuarially Determined Contribution

*check most recent actuarial report*

COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 11. Post-Employment Health Care Benefits (Continued)**

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the net OPEB liability of the fiscal court, calculated using the discount rate of \_\_\_\_\_, as well as what the fiscal court's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (\_\_\_\_) or one percentage point higher (\_\_\_\_):

*Insert discount table here*

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the net OPEB liability of the fiscal court, calculated using the current healthcare trend rate, as well as what the fiscal court's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher:

*Insert current healthcare cost trend rate table here*

The initial healthcare trend rate for the pre-65 category starts at \_\_\_\_ percent and gradually decreases to an ultimate trend rate of \_\_\_\_ percent over a period of 13 years.

The initial healthcare trend rate for the post-65 category starts at \_\_\_\_ percent and gradually decreases to an ultimate trend rate of \_\_\_\_ percent over a period of two years.

Membership

*Insert membership table*

Changes Since Measurement Date

*Check report for changes*



\_\_\_\_ COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 June 30, 20XX  
 (Continued)

**Note 11. Post-Employment Health Care Benefits (Continued)**

OPEB Plan Fiduciary Net Position

The fiscal court's fiduciary net position, net OPEB liability, deferred inflows and outflows of resources related to OPEB, and OPEB expense have been determined on the same basis used by CERS. CERS' combining financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the plan. Premium payments are recognized when due and payable in accordance with terms of the plan. Administrative and investment expenses are recognized when incurred.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are reported at cost, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the dividend date. Gain (loss) on investments includes CERS gains and losses on investments bought and sold as well as held during the fiscal year.

Detailed information about the OPEB plan is available in the separately issued CERS financial report.

**Note 12. Commitment Debt** (Add commitment debt, delete if not necessary)

*Include commitment debt. Debt the county may have to pay off/ is paying for others (joint jail), because the entity does not have the funds or FC is paying some and another FC is paying some (talk to manager or Quality Assurance manager if you have any questions) This would not include debt that is in the fiscal court's name and another entity is actually making the payments on the fiscal court's behalf.*

**Note 13. Deferred Compensation**

The \_\_\_\_\_ 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, 2<sup>nd</sup> Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.



\_\_\_\_ COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 21. Tax Abatement(s)**

Pursuant to GASB Statement No. 77, Tax Abatement Disclosures, the \_\_\_\_\_ County Fiscal Court is required to disclose certain information about tax abatements as defined in the statement. GASB No. 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the county or its citizens.

The \_\_\_ tax (include name of tax such as property tax) was abated under the authority of \_\_\_\_\_ (include authority which tax abatement was provided). The \_\_\_ is eligible to receive this tax abatement due to \_\_\_\_\_ (include criteria that recipient is eligible to receive tax abatement). The taxes are abated by \_\_\_\_\_ (provide mechanism by which taxes are abated such as reduction of assessed value). Recapture of abated taxes can occur by \_\_\_\_\_ (include provisions for recapturing abated taxes). \_\_\_\_\_ (include name of tax abatement recipient) made the following commitment(s) \_\_\_\_\_ (include information regarding the type of commitment(s) made by tax abatement recipient). For fiscal year ended June 30, 20XX, \_\_\_ abated \_\_\_ taxes (name of tax) totaling \$ \_\_\_\_\_ (include gross dollar amount on accrual basis). As part of the tax abatement agreement, the \_\_\_ County Fiscal Court (or replace with other government) committed to \_\_\_\_\_ (include info regarding commitment made by government).

If applicable, tax abatement agreements of other governments (such as a city) These would be agreements entered into by other governments that reduce the fiscal court's tax revenues.

The \_\_\_\_\_ (include name of government(s) that entered into the agreements) entered into a tax abatement agreement to abate \_\_\_ taxes (include name of taxes abated). For fiscal year ended June 30, 20XX, the amount of taxes abated was \$ \_\_\_\_\_ (include gross dollar amount of taxes abated).

\_\_\_ County Fiscal Court had additional tax abatement programs which did not meet a reporting threshold of \$ \_\_\_\_\_ (documented in work papers) that was established by the county. In aggregate, the amount was less than \$ \_\_\_ (quantify and support in work papers) for the fiscal year ending June 30, \_\_\_\_.

**Note 22. Prior Period Adjustments**  
**(Delete if not necessary)**

**Note 23. Asset Retirement Obligation**

**(Delete if not necessary)**

**Note 24. Operating Leases**  
**(Delete if not necessary)**

**Note 25. Closure and Postclosure Care Cost of Municipal Solid Waste Landfill**  
**(Delete if not necessary)**

\_\_\_\_ COUNTY  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 20XX**  
**(Continued)**

**Note 26. Disaggregation of Accounts of Accounts Payable and Accounts Receivable**

Accounts payable for the \_\_\_\_\_ County Fiscal Court are amounts owed by the county as of June 30, 20XX. Those liabilities that must be paid within one year are considered current. Amounts due after one year are deemed noncurrent accounts payable. Accounts receivable are amounts owed to the county. Similar to accounts payable, any amounts to be received within one year are classified as current. All other receivables are noncurrent. For Governmental Activities and Business-Type Activities, the line indicating “Accounts Payable” and “Net Receivables” are described below.

<u>Current Receivables</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Taxes-Current		\$ 0	\$ -
Taxes-Delinquent			-
Excess Fees			-
Charges for Service			-
Intergovernmental			-
License Fees			-
Miscellaneous			-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Current Account Payables</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
General Government		\$ 0	\$ -
Protection to Persons and Property			-
General Health and Sanitation			-
Social Services			-
Recreation and Culture			-
Roads			-
Capital Projects			-
Administration			-
Insurance Claims			-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY  
NOTES TO FINANCIAL STATEMENT  
June 30, 20XX  
(Continued)

**Note 27. Estimated Infrastructure Historical Cost**

Historical cost of infrastructure placed in service prior to the fiscal year ended June 30, 2003 (the year of GASB 34 implementation) is an estimate. For those assets, the primary government estimated the year the infrastructure was built by determining when a major reconstruction was performed on infrastructure. This estimate was used to calculate the infrastructure historical cost by determining current year construction cost and deflating it back to the estimated year of construction or reconstruction. Estimated infrastructure historical cost includes infrastructure placed in service from fiscal year 1984 through June 30, 2002. All infrastructure assets placed in service during the year ended June 30, 2003 and thereafter are recorded at actual historical cost.

**\_\_\_\_\_ COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**

**For The Year Ended June 30, 20XX**

*[Include for General Fund and Major Special Revenue Funds Only]*

\_\_\_\_\_ COUNTY  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 20XX**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental Revenue				
Charges for Services				
Miscellaneous				
Interest				
Total Revenues				
<b>EXPENDITURES</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Airports				
Debt Service				
Capital Projects				
Administration				
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)				
<b>OTHER FINANCING SOURCES (USES)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds	-	-	-	
Total Other Financing Sources (Uses)				
Net Changes in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

COUNTY  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and Permits	\$	\$	\$	\$
Intergovernmental Revenue				
Charges for Services				
Miscellaneous				
Interest				
Total Revenues				
<b>EXPENDITURES</b>				
Roads				
Road Facilities				
Debt Service				
Capital Projects				
Administration				
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds				
Total Other Financing Sources (Uses)				
Net Changes in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0



COUNTY  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenue	\$	\$	\$	\$
Charges for Services				
Miscellaneous				
Interest				
Total Revenues				
<b>EXPENDITURES</b>				
Protection to Persons and Property				
Debt Service				
Reserve Balance				
Administration				
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Financing Sources (Uses)				
Net Changes in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

\_\_\_\_\_ COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 20XX

**Note 1. Budgetary Information**

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

The county judge/executive is required to submit estimated receipts and proposed expenditures 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. Expenditures may not exceed budgeted appropriations at the activity level.

**Note 2. Budgetary Basis vs. GAAP**

Accounting principles applied for purposes of developing data on budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. A schedule reconciling the fund balance on a budgetary basis at June 30, 20XX, to the fund balance on an accrual basis follows:

*Put in schedule - See Bud Reconciliation tab in workbook*

**\_\_\_\_\_ COUNTY**  
**CERS PENSION AND OPEB SCHEDULES**  
**Required Supplementary Information**

**June 30, 20XX**

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\_\_\_\_\_ COUNTY  
**CERS PENSION - SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY**  
**Required Supplementary Information**

**June 30, 20XX**

	2022	2021	2020	2019	2018
County's Proportionate Share of the Net Pension Liability					
Nonhazardous					
Hazardous					
County's Proportion of the Net Pension Liability					
Nonhazardous					
Hazardous					
Covered Payroll					
County's Share of the Net Pension Liability as a Percentage of its Covered Payroll					
Total Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
Nonhazardous					
Hazardous					

COUNTY  
CERS PENSION - SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
Required Supplementary Information

June 30, 20XX

\_\_\_\_\_ COUNTY  
**CERS PENSION - SCHEDULE OF CONTRIBUTIONS**  
**Required Supplementary Information**

**June 30, 20XX**

<b>Nonhazardous</b>	2022	2021	2020	2019	2018
Statutorily Required Contributions					
Contributions in Relation to the Contractually Required Contribution					
Contribution Deficiency (Excess)					
Covered Payroll					
Contributions as a Percentage of Covered Payroll					
<b>Hazardous</b>	2022	2021	2020	2019	2018
Statutorily Required Contributions					
Contributions in Relation to the Contractually Required Contribution					
Contribution Deficiency (Excess)					
Covered Payroll					
Contributions as a Percentage of Covered Payroll					

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the county is presenting information for those years for which information is available.

**\_\_\_\_\_ COUNTY**  
**CERS PENSION - SCHEDULE OF CONTRIBUTIONS**  
**Required Supplementary Information**

**June 30, 20XX**



\_\_\_\_\_ COUNTY  
**CERS OPEB - SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY**  
**Required Supplementary Information**

**June 30, 20XX**

	2022	2021	2020	2019	2018
County's Proportionate Share of the Net OPEB Liability					
Nonhazardous					
Hazardous					
County's Proportion of the Net OPEB Liability					
Nonhazardous					
Hazardous					
Covered Payroll					
County's Share of the Net OPEB Liability as a Percentage of its Covered Payroll					
Total Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability					
Nonhazardous					
Hazardous					

Note 1: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the county is presenting information for those years for which information is available.

Note 2: The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

**\_\_\_\_\_ COUNTY**  
**CERS OPEB - SCHEDULE OF THE PROPORTIONATE SHARE OF THE**  
**NET OPEB LIABILITY**  
**Required Supplementary Information**

**June 30, 20XX**

\_\_\_\_\_ COUNTY  
**CERS OPEB - SCHEDULE OF CONTRIBUTIONS**  
**Required Supplementary Information**

**June 30, 20XX**

<b>Nonhazardous</b>	2022	2021	2020	2019	2018
Statutorily Required Contributions					
Contributions in Relation to the Contractually Required Contribution					
Contribution Deficiency (Excess)					
Covered Payroll					
Contributions as a Percentage of Covered Payroll					
<b>Hazardous</b>	2022	2021	2020	2019	2018
Statutorily Required Contributions					
Contributions in Relation to the Contractually Required Contribution					
Contribution Deficiency (Excess)					
Covered Payroll					
Contributions as a Percentage of Covered Payroll					

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the county is presenting information for those years for which information is available.

**\_\_\_\_\_ COUNTY**  
**CERS PENSION - SCHEDULE OF CONTRIBUTIONS**  
**Required Supplementary Information**

**June 30, 20XX**

COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN  
June 30, 20XX

**\_\_\_\_\_ COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OPEB PLAN**

**June 30, 20XX**

**\_\_\_\_\_ COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Fiscal Year Ended June 30, 20XX**

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\_\_\_\_\_ COUNTY  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Fiscal Year Ended June 30, 20XX**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of _____</u></b>				
<i>Direct Program</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State Department _____</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State Department _____</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State _____ Cabinet:</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b><u>U. S. Department of _____</u></b>				
<i>Passed-Through State Department of _____ -ARRA:</i>				
Program Name (per Assistance Listing #)	#	#	\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
<b>Non-Cash Expenditures</b>				
<b><u>U.S. Department of _____</u></b>				
			\$ -	\$ -
<b>Total U.S. Department of _____</b>			-	-
Total Expenditures of Federal Awards			\$ 0	\$ 0

INSERTED SCHEDULE ABOVE AND DELETED SCHEDULE BELOW

The accompanying notes are an integral part of this schedule.

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of</u></b>				
<i>Direct Program</i>				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of</b> _____			<u>-</u>	<u>-</u>
<b><u>U. S. Department of</u></b>				
<i>Passed-Through State Department</i> _____				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of</b> _____			<u>-</u>	<u>-</u>
<b><u>U. S. Department of</u></b>				
<i>Passed-Through State Department</i> _____				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of</b> _____			<u>-</u>	<u>-</u>
<b><u>U. S. Department of</u></b>				
<i>Passed-Through State Cabinet:</i> _____				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of</b> _____			<u>-</u>	<u>-</u>
<b><u>U. S. Department of</u></b>				
<i>Passed-Through State Department of -ARRA:</i> _____				
Program Name (per CFDA)	#	#	\$ -	\$ -
<b>Total U.S. Department of</b> _____			<u>-</u>	<u>-</u>
<b>Non-Cash Expenditures</b>				
<b><u>U.S. Department of</u></b> _____				
			\$ -	\$ -
<b>Total U.S. Department of</b> _____			<u>-</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this schedule.

\_\_\_\_\_ COUNTY  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 20XX**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of \_\_\_\_\_ County, Kentucky under programs of the federal government for the year ended June 30, 20XX and is presented on the modified accrual basis of accounting~~[GAAP basis of accounting]~~. 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 \_\_\_\_\_ County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of \_\_\_\_\_ County, Kentucky.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of ~~the~~ accounting. 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 (Per Uniform Guidance, this note stays in, even if no indirect cost plan)**

\_\_\_\_\_ County has not adopted an indirect cost rate or has/has not (CHOOSE has or has not) elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. ~~[(choose one)]~~

**Note 4. \_\_\_\_\_ Loan Programs (Remove if no loans)**

The \_\_\_\_\_ loan programs listed subsequently are administered directly by the \_\_\_\_\_ County Fiscal Court, and balances and transactions relating to these programs are included in the \_\_\_\_\_ County Fiscal Court's financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 20XX, consists of:

*(insert debt schedule for loan)*

**\_\_\_\_\_ COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**Other Supplementary Information**

**June 30, 20XX**

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**\_\_\_\_\_ COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**  
**Other Supplementary Information**

**For The Year Ended June 30, 20XX**

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**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***

**Use one of the following 3 Letters and Delete the 2 you do not use**

**(No Material Weaknesses Identified, No Significant Deficiencies Identified, No Reportable Instances of  
Noncompliance or Other Matters Identified)**

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

[The Honorable, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ 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

The Honorable, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court

We have audited, in accordance with the 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the \_\_\_\_\_ County Fiscal Court as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise the \_\_\_\_\_ County Fiscal Court's basic financial statements, and have issued our report thereon dated FW.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the \_\_\_\_\_ County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing~~[to determine the]~~ audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control.

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

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



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

**Compliance And Other Matters**

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

**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  
Frankfort, Ky

Date

**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***

**(No Material Weaknesses Identified; Significant Deficiencies and Reportable Instances of Noncompliance, and  
Other Matters Identified)**

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

[The Honorable, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ 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

The Honorable , \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court

We have audited, in accordance with the 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the \_\_\_\_\_ County Fiscal Court as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise the \_\_\_\_\_ County Fiscal Court's basic financial statements, and have issued our report thereon dated FW.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the \_\_\_\_\_ County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing ~~[to determine the]~~ audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. ~~[However, material weaknesses may exist that have not been identified.]~~ We did identify ~~[identified]~~ (a) certain deficiency ~~[y]y(ies)~~ in internal control, ~~[which are]~~ described in the accompanying Schedule of Findings and Responses **or Schedule of Findings and Questioned Costs** as item(s) [List the reference numbers of the related findings, for example 20XX-001, 20XX-003, and 20XX-004] that we consider to be (a) significant deficiency ~~(ies)~~ [as item (s) [List the reference numbers of the related findings, for example, 20XX-001, 20XX-003, and 20XX-004].





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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the \_\_\_\_\_ County Fiscal Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the [~~determination of~~] financial statements [~~amounts~~]. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed (an) instance(s) of noncompliance or other matters that (is) are required to be reported under *Government Auditing Standards* and which (is) are described in the accompanying Schedule of Findings and Responses *or* Schedule of Findings and Questioned Costs as item(s) [List the reference numbers of the related findings, for example, 20XX-001, 20XX-003, and 20XX-004].

**(Or replace last sentence with the following)** The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*(If the County Judge/Executive has responded to any comments, include this paragraph)*

**Views of Responsible Official(s) and Planned Corrective Action**

\_\_\_\_\_ County's response to [~~views and planned corrective action for~~] the findings identified in our audit are included in the accompanying Schedule of Findings and Responses (or 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  
Frankfort, Ky

FW

**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***

**(Material Weaknesses and Significant Deficiencies and Reportable Instances of Noncompliance, and  
Other Matters Identified)**

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

[The Honorable, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ 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

The Honorable, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court

We have audited, in accordance with the 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the \_\_\_\_\_ County Fiscal Court as of and for the year ended June 30, 20XX, and the related notes to the financial statements, which collectively comprise \_\_\_\_\_ County Fiscal Court's financial statements, and have issued our report thereon dated FW.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the \_\_\_\_\_ County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing ~~[to determine the]~~ audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the \_\_\_\_\_ County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses *or Schedule of Findings and Questioned Costs*, we identified (a) certain deficiency(ies) in internal control that we consider to be (a) material weakness(es) [and *another/other deficiency(ies)* that we consider to be (a) significant deficiency(ies)].

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 statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency(ies) described in the accompanying Schedule of Findings and Responses *or Schedule of Findings and Questioned Costs* as item(s) [List the reference numbers of the related findings, for example, 20XX-001, 20XX-003, and 20XX-004] to be (a) material weakness(es).



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)**

**DELETE THIS PARAGRAPH IF NO SIG DEFICIENCIES** 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 deficiency(ies) described in the accompanying Schedule of Findings and Responses *or Schedule of Findings and Questioned Costs* as item(s) [List the reference numbers of the related findings, for example, 20XX-002 and 20XX-005] to be (a) significant deficiency(ies).

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the \_\_\_\_\_ County Fiscal Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the [~~determination of~~] financial statements [~~amounts~~]. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed (an) instance(s) of noncompliance or other matters that (is) are required to be reported under *Government Auditing Standards* and which (is) are described in the accompanying Schedule of Findings and Responses *or Schedule of Findings and Questioned Costs* as item(s) [List the reference numbers of the related findings, for example, 20XX-001, 20XX-003, and 20XX-004].

**(Or replace last sentence with the following)** The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**(If the County Judge/Executive has responded to any comments, include this paragraph)**

**Views of Responsible Official(s) and Planned Corrective Action**

\_\_\_\_\_ County's response to [~~views and planned corrective action for~~] the findings identified in our audit are included in the accompanying Schedule of Findings and Responses (or 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  
Frankfort, Ky

FW

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

(Unmodified Opinion on Compliance for Each Major Federal Program; No Reportable Audit Findings of Noncompliance; No Material Weaknesses or Significant Deficiencies in Internal Control over Compliance Identified)  
See S-66 tab for versions of this letter with findings, qualified opinion, material weakness or significant deficiencies

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

[The Honorable, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ 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

The Honorable, \_\_\_\_\_ County Judge/Executive  
Members of the \_\_\_\_\_ County Fiscal Court

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the \_\_\_\_\_ County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit[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 \_\_\_\_\_ County Fiscal Court's major federal programs for the year ended June 30, 20XX. The \_\_\_\_\_ 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.

In our opinion, \_\_\_\_\_ County Fiscal Court complied, in all material respects, with the 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, 20XX.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 2022 GAAP - Binder Updates County Fiscal Court and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of 2022 GAAP - Binder Updates County Fiscal Court's compliance with the compliance requirements referred to above.





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

**Responsibilities of Management[s] for Compliance [Responsibility]**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to \_\_\_\_\_ County Fiscal Court's federal programs. [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] Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on \_\_\_\_\_ County Fiscal Court's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about \_\_\_\_\_ County Fiscal Court's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding \_\_\_\_\_ County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of \_\_\_\_\_ County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 \_\_\_\_\_ County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

[Our responsibility is to express an opinion on compliance for each of the \_\_\_\_\_ 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 \_\_\_\_\_ 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 \_\_\_\_\_ County Fiscal Court's compliance with those requirements.]~~

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

**~~[Opinion on Each Major Federal Program~~**

~~In our opinion, the \_\_\_\_\_ 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, 20XX.]~~

**Report on Internal Control over Compliance**

~~[Management of the \_\_\_\_\_ 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 \_\_\_\_\_ 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 as a basis for designing audit 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 \_\_\_\_\_ 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 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 Auditor's Responsibilities for the Audit of Compliance [first paragraph of this] section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or [significant deficiencies or material weaknesses] in internal control over compliance. Given these limitations, during our audit we [We] did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.~~

~~Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.~~

**~~[Views of Responsible Official(s) and Planned Corrective Action~~**

~~\_\_\_\_\_ 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. (delete if no federal findings or if findings but no responses)]~~

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  
Frankfort, Ky

End of Fieldwork

**\_\_\_\_\_ COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 20XX**

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\_\_\_\_\_ COUNTY  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended June 30, 20XX**

**See S-62 and S folder Guidance Section for comprehensive guidance; remember to delete all red guidance herein**

**Section I: Summary of Auditor’s Results**

***Financial Statement***

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

*[unmodified, qualified, adverse, or disclaimer (if there are different opinions for various opinion units, indicate the type of report for each opinion unit)]*

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Type of auditor’s report issued on compliance for major federal programs <i>[unmodified, qualified, adverse, or disclaimer]</i> :		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing [CFDA] Number</u>	<u>Name of Federal Program or Cluster</u>

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

COUNTY  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

**Section II: Financial Statement Findings**

***State Laws And Regulations***

20XX-001 The

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***(For all findings(State Laws and Regulations, Internal Control Material Weaknesses and Internal Control Significant Deficiencies): Copy in body from RCW/RNI – However, DO NOT include the headings (Condition and Context, Effect...)\_Put the finding(s) in paragraph form.***

***(The following headings/information should follow each finding (State Laws and Regulations, Internal Control Material Weaknesses and Internal Control Significant Deficiencies):***

**Views of Responsible Official and Planned Corrective Action:**

***Copy in the county's response from the Views of Responsible Officials and Management's Corrective Action Plan form)***

**NOTE – IF SINGLE AUDIT, OFFICIAL'S RESPONSES (Corrective Action Plans) MUST BE ON LETTERHEAD FOR ALL FINDINGS.**

Auditor's Reply:

***(If Applicable)***

***Internal Control - Material Weaknesses***

**Views of Responsible Official and Planned Corrective Action:**

***County Judge/Executive's Response: (Use this if the jailer also responded. If only the J/E responds, you don't need to include this.)***

***(Same as above)***

***Internal Control - Significant Deficiencies***

**Views of Responsible Official and Planned Corrective Action:**

***(Same as above)***



COUNTY  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 20XX**  
**(Continued)**

**Section III: Federal Award Findings And Questioned Costs**

20XX-001 The

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*Federal Program:* CFDA (Put in CFDA title and number)

*Award Number and Year:*

*Name of Federal Agency and Pass-Through Agency:*

*Compliance Requirements:*

*Type of Finding:*

*Amount of Questioned Costs:*

*If finding causes modified opinion, add here.*

*Remember to identify COVID-19 related findings*

***(For all federal findings: Copy in body from RCW/RNI – However, DO NOT include the headings (Condition and Context, Effect...) Put the finding(s) in paragraph form.***

***The county’s Corrective Action Plan MUST be on the county’s letterhead for Single Audits.***

*Identification of Questioned Costs and How Computed:*

*Repeat Finding:* Repeat finding of 20XX-001.

Views of Responsible Official and Planned Corrective Action:

***(Same as above)***

**Section IV: Summary Schedule of Prior Audit Findings (All PY Report findings)**

**Auditor follow-up work should document accuracy of the findings disposition. See 2 CFR 200.511 for guidance on audit finding follow-up.**

Finding Number	Prior Year Finding Title	Status	Corrective Action
20XX-001	The Example County Fiscal Court Did Not Have Sufficient Internal Controls Over Capital Asset Records	Unresolved	See corrective action for current year finding 20XX-002

**Note: This schedule information should be prepared by the auditee. See form in single audit section.**

**If results of current year audit procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding consult with your manager. This should result in a current year finding in the schedule of findings and questioned costs.**

**Discuss this with the auditee – they may want to change their response on the SSPAF.**

**\_\_\_\_\_ COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 20XX**

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\_\_\_\_\_ COUNTY  
**SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 20XX**

STATE LAWS AND REGULATIONS:

20XX-001 The

---

*(For all findings (State Laws and Regulations, Internal Control Material Weaknesses and Internal Control Significant Deficiencies): Copy in body from RCW/RNI - However, DO NOT include the headings (Condition and Context, Effect...) Put the finding(s) in paragraph form and make sure the finding makes sense. Comment elements can be re-ordered to improve clarity, i.e., criteria can be documented before condition if this improves the readability and clarity of the comment.)*

*(The following headings/information should follow each finding (**State Laws and Regulations, Internal Control Material Weaknesses and Internal Control Significant Deficiencies**):*

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: (Use this if the jailer also responded, otherwise, it's not necessary)*

*If the official did not provide a response use this statement: The official did not provide a response.*

*Copy in the county's response from the Views of Responsible Officials and Management's Corrective Action Plan form)*

**Auditor's Reply:**

**(Include if necessary, otherwise delete)**

*Guidance: If the official's response contradicts the comment, is argumentative, or faults the auditors (e.g., "I gave the auditors all the reports they asked for and they still wrote me up") an auditor's reply may be necessary. Consult your manager for help determining the need for and in writing the reply. Replies should be composed before the audit is turned in for level 2 review.*

INTERNAL CONTROL - MATERIAL WEAKNESSES:

*See comment formatting instructions above.*

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES:

*See comment formatting instructions above.*

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

\_\_\_\_\_ COUNTY FISCAL COURT

**For The Year Ended June 30, 20XX**

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

State law requires the Auditor of Public Accounts to annually audit fiscal courts, county clerks, and sheriffs; and print the results in a newspaper having general circulation in the county. The complete audit and any other audit of state agencies, fiscal courts, county clerks, sheriffs, and property valuation administrators may be viewed in the reports section of the Auditor of Public Accounts' website at [www.auditor.ky.gov](http://www.auditor.ky.gov) or upon request by calling 1-800-247-9126.

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AN EQUAL OPPORTUNITY EMPLOYER M / F / D

