

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

**For The Year Ended
June 30, 2019**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
BRECKINRIDGE COUNTY OFFICIALS	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT.....	9
BUDGETARY COMPARISON SCHEDULES.....	25
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	29
SCHEDULE OF CAPITAL ASSETS.....	33
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	34
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 <i>GOVERNMENT AUDITING STANDARDS</i>	37
SCHEDULE OF FINDINGS AND RESPONSES.....	41
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Breckinridge County Fiscal Court, for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Breckinridge County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Maurice Lucas, Breckinridge County Judge/Executive
Members of the Breckinridge 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 Breckinridge 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 Breckinridge County Fiscal Court as of June 30, 2019, 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 Breckinridge County Fiscal Court as of June 30, 2019, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Breckinridge County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules are fairly stated in all material respects in relation to the financial statement as a whole.

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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020, on our consideration of the Breckinridge County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Breckinridge County Fiscal Court's internal control over financial reporting and compliance.

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

2019-001 The Breckinridge County Fiscal Court's Fourth Quarter Report Did Not Include The Mortgage Revenue Refunding Bonds (Justice Center Project) Series 2017

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

October 27, 2020

BRECKINRIDGE COUNTY OFFICIALS**For The Year Ended June 30, 2019****Fiscal Court Members:**

Maurice Lucas	County Judge/Executive
James Henning	Magistrate
Leslie Gedling (July-Dec)	Magistrate
Gary Greenwell	Magistrate
Willis Bosley (July-Dec)	Magistrate
Tim Milburn	Magistrate
Billy Blair (January-June)	Magistrate
David Albright (January-June)	Magistrate
Carolyn Butler (January-June)	Magistrate

Other Elected Officials:

Bradley Butler	County Attorney
Tara Shrewsberry	Jailer
Jarrold Butler	County Clerk
Cindy Rhodes	Circuit Court Clerk
Todd Pate	Sheriff
Dana Bland	Property Valuation Administrator
Tim Bandy	Coroner

Appointed Personnel:

Sherri Lawson	County Treasurer
---------------	------------------

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

For The Year Ended June 30, 2019

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

For The Year Ended June 30, 2019

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 2,740,574		\$ 2,317,533	\$
In Lieu Tax Payments	24,375			
Excess Fees	96,804			
Licenses and Permits	45,367			
Intergovernmental	712,637	2,400,195		86,939
Charges for Services	25,777		93,093	
Miscellaneous	147,452	3,451	82,077	
Interest	4,041	559	312	213
Total Receipts	<u>3,797,027</u>	<u>2,404,205</u>	<u>2,493,015</u>	<u>87,152</u>
DISBURSEMENTS				
General Government	1,118,765			
Protection to Persons and Property	445,579		1,522,151	36,734
General Health and Sanitation	292,270		190,453	27,315
Social Services	10,147			33,450
Recreation and Culture	100,902			
Roads		2,185,167		
Airports	8,646			
Bus Services	152,150			
Debt Service	62,298	110,501	410,754	
Capital Projects	7,138	3,916		
Administration	1,240,101	138,140	343,263	
Total Disbursements	<u>3,437,996</u>	<u>2,437,724</u>	<u>2,466,621</u>	<u>97,499</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>359,031</u>	<u>(33,519)</u>	<u>26,394</u>	<u>(10,347)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			283,228	
Transfers To Other Funds	(283,228)			
Total Other Adjustments to Cash (Uses)	<u>(283,228)</u>		<u>283,228</u>	
Net Change in Fund Balance	75,803	(33,519)	309,622	(10,347)
Fund Balance - Beginning (Restated)	2,635,381	357,973	323,105	138,544
Fund Balance - Ending	<u>\$ 2,711,184</u>	<u>\$ 324,454</u>	<u>\$ 632,727</u>	<u>\$ 128,197</u>
Composition of Fund Balance				
Bank Balance	\$ 2,903,966	\$ 326,823	\$ 633,214	\$ 148,697
Less: Outstanding Checks	(192,782)	(2,369)	(487)	(20,500)
Fund Balance - Ending	<u>\$ 2,711,184</u>	<u>\$ 324,454</u>	<u>\$ 632,727</u>	<u>\$ 128,197</u>

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

BRECKINRIDGE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2019
(Continued)

<u>Unbudgeted Funds</u>		
<u>Public Properties Corporation Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
\$	\$	\$ 5,058,107
		24,375
		96,804
		45,367
859,459		4,059,230
		118,870
285,650	248,085	766,715
831		5,956
<u>1,145,940</u>	<u>248,085</u>	<u>10,175,424</u>
		1,118,765
		2,004,464
		510,038
		43,597
	244,058	344,960
		2,185,167
		8,646
		152,150
1,143,109		1,726,662
		11,054
		<u>1,721,504</u>
<u>1,143,109</u>	<u>244,058</u>	<u>9,827,007</u>
		348,417
		283,228
		<u>(283,228)</u>
		348,417
2,831	4,027	348,417
		3,474,488
<u>\$ 2,855</u>	<u>\$ 23,488</u>	<u>\$ 3,822,905</u>
\$ 2,855	\$ 35,103	\$ 4,050,658
	(11,615)	(227,753)
<u>\$ 2,855</u>	<u>\$ 23,488</u>	<u>\$ 3,822,905</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	9
NOTE 2.	DEPOSITS	12
NOTE 3.	TRANSFERS.....	12
NOTE 4.	AGENCY TRUST FUNDS	12
NOTE 5.	RECEIVABLE.....	13
NOTE 6.	LONG-TERM DEBT	13
NOTE 7.	EMPLOYEE RETIREMENT SYSTEM	17
NOTE 8.	DEFERRED COMPENSATION.....	21
NOTE 9.	INSURANCE.....	21
NOTE 10.	CONDUIT DEBT.....	21
NOTE 11.	PRIOR PERIOD ADJUSTMENTS	21

**BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Breckinridge County includes all budgeted and unbudgeted funds under the control of the Breckinridge County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

The following entity: Breckinridge Health, Inc., would have been included in the reporting entity under accounting principles generally accepted in the United State of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis it is no longer a required component unit of the reporting entity. The audit of the following entity can be obtained from the Breckinridge Fiscal Court, 208 S. Main Street, Hardinsburg, Kentucky, 40143: Breckinridge Health, Inc.

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.

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(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.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The purpose of this fund is to account for debt service requirements of the First Mortgage Revenue Bonds, Series 2010 and the subsequent refunding, and the construction costs of the justice center. The Department for Local Government does not require the fiscal court to report or budget this fund.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit and to enhance the well-being of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

D. Budgetary Information

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

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

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

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

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

E. Breckinridge County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Obligations

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 Breckinridge Fiscal Court: Industrial Development.

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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 KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2019, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2019.

	General Fund	Total Transfers In
Jail Fund	\$ 283,228	\$ 283,228
Total Transfers Out	\$ 283,228	\$ 283,228

Reason for transfers:

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

Note 4. Agency Trust Funds

Agency trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The fiscal court has the following agency trust fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2019 was \$22,490.

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Receivable

The Breckinridge County Fiscal Court had entered into a financing obligation on the behalf of the Breckinridge County Central EMS, Inc. (Central EMS) for the purpose of providing funds for the financing of the construction of the Central EMS building. The Breckinridge County Fiscal Court has an agreement with Central EMS that states the Central EMS will reimburse the county for all payments of any type that are required to be made pursuant the financing obligation. However, Central EMS is making the payments directly to the financing company. The balance of the receivable due at June 30, 2019, was \$50,000. Future amounts due to the Breckinridge County Fiscal Court are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 15,000	\$ 2,258
2021	15,000	1,484
2022	20,000	601
Totals	<u>\$ 50,000</u>	<u>\$ 4,343</u>

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Mortgage Revenue Refunding Bonds (Justice Center Project), Series 2017

On June 13, 2017, the Breckinridge County Public Properties Corporation issued \$7,644,313 of Mortgage Revenue Refunding Bonds for the purpose of financing the costs of the refunding and partial refinancing the outstanding Breckinridge County Public Properties Corporation First Mortgage Revenue Bonds (Justice Center Project), Series 2010. Principal payments are due February 1 and the interest payments are due February 1 and August 1 with a 2.57% interest rate. The bonds will mature on February 1, 2031. The balance of the obligation at June 20, 2019, was \$7,644,313. Annual debt service payments to maturity are as follows

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$	\$ 196,459
2021		196,459
2022	84,677	196,459
2023	758,367	194,283
2024	774,582	174,792
2025-2029	4,195,970	564,290
2030-2031	1,830,717	70,820
Totals	<u>\$ 7,644,313</u>	<u>\$ 1,593,562</u>

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. EMS Building

On June 18, 2002, the Breckinridge County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$250,000 at a 4.38% effective interest rate. The financing obligation was used for the construction of the EMS building. The maturity date of the obligation is January 20, 2022. On August 12, 2002, the Breckinridge County Fiscal Court entered into an agreement with Breckinridge County Central EMS, Inc. The agreement states that Breckinridge County Central EMS, Inc. shall reimburse the County for all payments of any type that are required to be made pursuant to this lease agreement. The balance of the obligation at June 30, 2019, was \$50,000. Annual debt service payments to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 15,000	\$ 2,258
2021	15,000	1,484
2022	20,000	601
Totals	<u>\$ 50,000</u>	<u>\$ 4,343</u>

3. Detention Facility

On February 26, 1998, the Breckinridge County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$5,300,000 at a 5.64% interest rate. The financing obligation was for construction of the detention facility. On January 31, 2000, the fiscal court refinanced in the amount of \$5,500,000 at a 5.30% effective interest rate. The maturity date of the obligation is July 20, 2024. The balance of the obligation at June 30, 2019, was \$2,049,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 300,000	\$ 107,629
2021	315,000	88,594
2022	332,000	68,537
2023	349,000	47,449
2024	367,000	25,274
2025	386,000	1,952
Totals	<u>\$ 2,049,000</u>	<u>\$ 339,435</u>

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. Emergency Services Building

On August 28, 2014, the Breckinridge County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$140,000. Interest rates range from 3.00% to 3.50%. The financing obligation was for acquisition, construction, and equipping of an emergency service building. The balance of the obligation at June 30, 2019, was \$115,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 5,000	\$ 4,138
2021	5,000	3,975
2022	5,000	3,813
2023	5,000	3,650
2024	5,000	3,488
2025-2029	40,000	14,275
2030-2034	50,000	5,938
Totals	<u>\$ 115,000</u>	<u>\$ 39,277</u>

5. Detention Facility Roof

On July 28, 2015, the Breckinridge County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$166,610 at a 3.50% interest rate. The financing obligation was for construction of the detention facility roof. The maturity date of the obligation is July 20, 2020. The balance of the obligation at June 30, 2019, was \$36,098. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 33,322	\$ 741
2021	2,776	8
Totals	<u>\$ 36,098</u>	<u>\$ 749</u>

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

6. Trucks

On September 29, 2016, the Breckinridge County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$130,000 at a 3.101% interest rate. The financing obligation was for acquisition of two 2017 Kenworth T370 trucks. The maturity date of the obligation is September 20, 2020. The balance of the obligation at June 30, 2019, was \$66,487. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 32,865	\$ 2,062
2021	33,622	1,043
Totals	<u>\$ 66,487</u>	<u>\$ 3,105</u>

7. Asphalt Paver

On March 29, 2016, the Breckinridge County Fiscal Court entered into an agreement with the TCF Equipment Finance in the sum of \$142,875 at a 2.75% interest rate. The financing obligation was for one 2013 Dynapac Model F1000W Asphalt Paver. The maturity date of the obligation is September 15, 2019. The balance of the obligation at June 30, 2019, was \$0.

B. Other Debt

First Mortgage Revenue Bonds (Justice Center Project), Series 2010

On February 1, 2010, the Breckinridge County Public Properties Corporation issued \$13,155,000 of First Mortgage Revenue Bonds (Justice Center Project), Series 2010 for the purpose of acquiring, constructing, and equipping a new justice center. The bonds have a variable interest rate. The bonds will mature on February 1, 2022. The balance of the bonds at June 30, 2019, was \$1,860,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 600,000	\$ 63,600
2021	620,000	44,100
2022	640,000	22,400
Totals	<u>\$ 1,860,000</u>	<u>\$ 130,100</u>

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 6. Long-term Debt (Continued)

C. Aggregate Debt Schedules

The amounts of required principal and interest payments on long-term obligations at June 30, 2019 as follows:

Fiscal Year Ended June 30	<u>Other Debt</u>		<u>Direct Borrowings and Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 600,000	\$ 63,600	\$ 386,187	\$ 313,287
2021	620,000	44,100	371,398	291,563
2022	640,000	22,400	441,677	269,410
2023			1,112,367	245,382
2024			1,146,582	203,554
2025-2029			4,621,970	580,517
2030-2034			1,880,717	76,758
Totals	<u>\$ 1,860,000</u>	<u>\$ 130,100</u>	<u>\$ 9,960,898</u>	<u>\$ 1,980,471</u>

D. Long-term Debt activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	\$ 10,403,667		\$ 442,769	\$ 9,960,898	\$ 386,187
Other	2,440,000		580,000	1,860,000	600,000
Total Long-term Debt	<u>\$ 12,843,667</u>	<u>\$ 0</u>	<u>\$ 1,022,769</u>	<u>\$ 11,820,898</u>	<u>\$ 986,187</u>

Note 7. Employee Retirement System

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

The county's contribution for FY 2017 was \$504,108, FY 2018 was \$432,793, and FY 2019 was \$476,472.

Nonhazardous

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

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. 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 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 21.48 percent.

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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 35.34 percent.

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. 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:

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

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

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

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

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

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

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

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

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

KRS Annual Financial Report and Proportionate Share Audit Report

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

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.

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 8. Deferred Compensation

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

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

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

Note 9. Insurance

For the fiscal year ended June 30, 2019, the Breckinridge County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 10. Conduit Debt

From time to time the county has issued bonds, notes, etc. to provide financial assistance to various industrial 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 Breckinridge County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement.

Note 11. Prior Period Adjustments

Prior Year Ending Fund Balance	\$ 3,473,604
Adjustments:	
General Fund - voided checks	25
Jail Fund - voided checks	859
	<hr/>
Beginning Fund Balance Restated	<u>\$ 3,474,488</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**BRECKINRIDGE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis**

For The Year Ended June 30, 2019

THIS PAGE LEFT BLANK INTENTIONALLY

BRECKINRIDGE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 2,419,500	\$ 2,419,500	\$ 2,740,574	\$ 321,074
In Lieu Tax Payments	4,000	4,000	24,375	20,375
Excess Fees	14,550	14,550	96,804	82,254
Licenses and Permits	34,500	34,500	45,367	10,867
Intergovernmental	1,216,872	1,216,872	712,637	(504,235)
Charges for Services	14,000	14,000	25,777	11,777
Miscellaneous	195,700	195,700	147,452	(48,248)
Interest			4,041	4,041
Total Receipts	<u>3,899,122</u>	<u>3,899,122</u>	<u>3,797,027</u>	<u>(102,095)</u>
DISBURSEMENTS				
General Government	1,141,820	1,188,501	1,118,765	69,736
Protection to Persons and Property	548,522	549,447	445,579	103,868
General Health and Sanitation	296,548	317,505	292,270	25,235
Social Services	8,187	10,335	10,147	188
Recreation and Culture	136,678	148,355	100,902	47,453
Airports	5,455	8,731	8,646	85
Bus Services	136,000	152,150	152,150	
Debt Service	44,545	44,545	62,298	(17,753)
Capital Projects	599,142	579,398	7,138	572,260
Administration	1,646,944	1,564,874	1,240,101	324,773
Total Disbursements	<u>4,563,841</u>	<u>4,563,841</u>	<u>3,437,996</u>	<u>1,125,845</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(664,719)</u>	<u>(664,719)</u>	<u>359,031</u>	<u>1,023,750</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(283,228)</u>	<u>(283,228)</u>	<u>(283,228)</u>	
Total Other Adjustments to Cash (Uses)	<u>(283,228)</u>	<u>(283,228)</u>	<u>(283,228)</u>	
Net Change in Fund Balance	(947,947)	(947,947)	75,803	1,023,750
Fund Balance - Beginning (Restated)	<u>947,947</u>	<u>947,947</u>	<u>2,635,381</u>	<u>1,687,434</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,711,184</u>	<u>\$ 2,711,184</u>

BRECKINRIDGE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,242,229	\$ 2,456,229	\$ 2,400,195	\$ (56,034)
Miscellaneous	25,000	25,000	3,451	(21,549)
Interest			559	559
Total Receipts	<u>2,267,229</u>	<u>2,481,229</u>	<u>2,404,205</u>	<u>(77,024)</u>
DISBURSEMENTS				
Roads	2,179,834	2,470,566	2,185,167	285,399
Debt Service	72,844	110,502	110,501	1
Capital Projects		3,916	3,916	
Administration	258,891	241,695	138,140	103,555
Total Disbursements	<u>2,511,569</u>	<u>2,826,679</u>	<u>2,437,724</u>	<u>388,955</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(244,340)</u>	<u>(345,450)</u>	<u>(33,519)</u>	<u>311,931</u>
Net Change in Fund Balance	(244,340)	(345,450)	(33,519)	311,931
Fund Balance - Beginning	<u>244,340</u>	<u>345,450</u>	<u>357,973</u>	<u>12,523</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 324,454</u>	<u>\$ 324,454</u>

BRECKINRIDGE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,823,400	\$ 1,823,400	\$ 2,317,533	\$ 494,133
Charges for Services	90,000	90,000	93,093	3,093
Miscellaneous	98,500	98,500	82,077	(16,423)
Interest	250	250	312	62
Total Receipts	<u>2,012,150</u>	<u>2,012,150</u>	<u>2,493,015</u>	<u>480,865</u>
DISBURSEMENTS				
Protection to Persons and Property	1,611,633	1,643,765	1,522,151	121,614
General Health and Sanitation	193,622	201,495	190,453	11,042
Debt Service	410,754	410,754	410,754	
Administration	505,369	465,364	343,263	122,101
Total Disbursements	<u>2,721,378</u>	<u>2,721,378</u>	<u>2,466,621</u>	<u>254,757</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(709,228)</u>	<u>(709,228)</u>	<u>26,394</u>	<u>735,622</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>283,228</u>	<u>283,228</u>	<u>283,228</u>	
Total Other Adjustments to Cash (Uses)	<u>283,228</u>	<u>283,228</u>	<u>283,228</u>	
Net Change in Fund Balance	(426,000)	(426,000)	309,622	735,622
Fund Balance - Beginning (Restated)	<u>426,000</u>	<u>426,000</u>	<u>323,105</u>	<u>(102,895)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 632,727</u>	<u>\$ 632,727</u>

BRECKINRIDGE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 94,000	\$ 94,000	\$ 86,939	\$ (7,061)
Miscellaneous	5,000	5,000		(5,000)
Interest			213	213
Total Receipts	99,000	99,000	87,152	(11,848)
DISBURSEMENTS				
General Government	1,500	1,500		1,500
Protection to Persons and Property	55,660	58,826	36,734	22,092
General Health and Sanitation	29,950	29,950	27,315	2,635
Social Services	38,500	38,500	33,450	5,050
Administration	11,340	8,174		8,174
Total Disbursements	136,950	136,950	97,499	39,451
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(37,950)	(37,950)	(10,347)	27,603
Net Change in Fund Balance	(37,950)	(37,950)	(10,347)	27,603
Fund Balance - Beginning	37,950	37,950	138,544	100,594
Fund Balance - Ending	\$ 0	\$ 0	\$ 128,197	\$ 128,197

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

June 30, 2019

Note 1. Budgetary Information

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

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

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

Note 2. Excess of Disbursements Over Appropriations

General fund debt service exceeded budgeted appropriations by \$17,753.

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2019

THIS PAGE LEFT BLANK INTENTIONALLY

BRECKINRIDGE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

Note 1: The fiscal court reports the following Schedule of Capital Assets:

	(Restated) Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land	\$ 1,992,546	\$	\$	\$ 1,992,546
Construction In Progress	701,904			701,904
Buildings	21,812,333			21,812,333
Vehicles (Includes Jail Canteen)	1,316,908	63,800		1,380,708
Equipment	2,987,324	23,240		3,010,564
Infrastructure	9,762,080	650,999		10,413,079
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets	<u>\$ 38,573,095</u>	<u>\$ 738,039</u>	<u>\$ 0</u>	<u>\$ 39,311,134</u>

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

June 30, 2019

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 and Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	5-15
Infrastructure	\$ 20,000	10-50

Note 2. Restatement of Capital Assets Beginning Balance

Vehicles beginning balance was restated by \$1 and infrastructure beginning balance was restated by \$655,780 due to errors in the prior year.

**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***

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Maurice Lucas, Breckinridge County Judge/Executive
Members of the Breckinridge County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Breckinridge County Fiscal Court for the fiscal year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Breckinridge County Fiscal Court's financial statement and have issued our report thereon dated October 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Breckinridge County Fiscal Court's internal control over financial reporting (internal control) 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 Breckinridge County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Breckinridge 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, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 described in the accompanying Schedule of Findings and Responses as item 2019-001 to be a material weakness.



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 Breckinridge 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*.

Views of Responsible Official and Planned Corrective Action

Breckinridge County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

October 27, 2020

**BRECKINRIDGE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

THIS PAGE LEFT BLANK INTENTIONALLY

**BRECKINRIDGE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

INTERNAL CONTROL - MATERIAL WEAKNESS:

2019-001 The Breckinridge County Fiscal Court's Fourth Quarter Report Did Not Include The Mortgage Revenue Refunding Bonds (Justice Center Project) Series 2017

During our audit, we noted that Breckinridge County Public Properties Corporation issued the Mortgage Revenue Refunding Bonds (Justice Center Project), Series 2017 on June 13, 2017, for the purpose of financing the costs of the refunding and partial refinancing the outstanding Breckinridge County Public Properties Corporation First Mortgage Revenue Bonds (Justice Center Project), Series 2010. However, the Breckinridge County Fiscal Court did not update their liability section of their fourth quarter report to reflect the partial refinancing of the First Mortgage Revenue Bonds (Justice Center Project), Series 2010 and the new debt of the Mortgage Revenue Refunding Bonds (Justice Center Project), Series 2017.

This was due to a lack of internal controls to ensure that all activity concerning payment of old debt and the liability of new debt is entered into the accounting system and is reflected on the fourth quarter report. When the activity of debt is not reflected on the fourth quarter report, the fourth quarter report will not actually reflect the liabilities that the Breckinridge County Fiscal Court has incurred. Proper internal controls require that policies and procedures are in place to prevent, detect and correct errors in financial reporting timely.

We recommend the Breckinridge County Fiscal Court review their policy and procedures concerning entering transactions into the accounting system to ensure that all transaction in entered properly and timely.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive Response: The Long-Term Liabilities Report has been adjusted.

THIS PAGE LEFT BLANK INTENTIONALLY

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

BRECKINRIDGE COUNTY FISCAL COURT

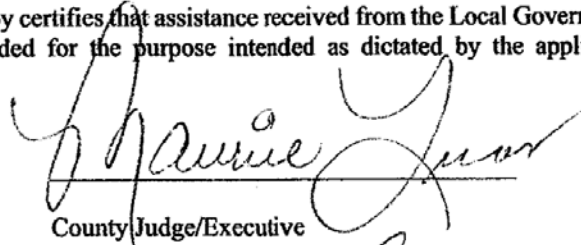
For The Year Ended June 30, 2019

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

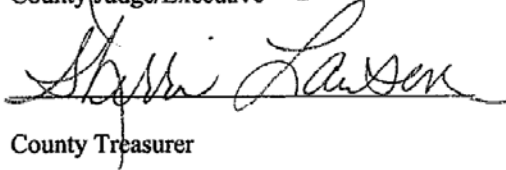
For The Year Ended June 30, 2019

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



A handwritten signature in cursive script, appearing to read "Maurice Jones", is written over a horizontal line.

County Judge/Executive



A handwritten signature in cursive script, appearing to read "Sherril Lawson", is written over a horizontal line.

County Treasurer