

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

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



**MIKE HARMON
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
GREEN COUNTY OFFICIALS.....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT.....	9
BUDGETARY COMPARISON SCHEDULES.....	21
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	

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable John H. Frank, Green County Judge/Executive
Members of the Green 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 Green County Fiscal Court, for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Green 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.



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

As described in Note 1 of the financial statement, the financial statement is prepared by the Green 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 Green 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 Green 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 Green 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
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2020, on our consideration of the Green 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 Green 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 Green County Fiscal Court Did Not Properly Disclose Debt On The Fourth Quarter Financial Report

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

August 21, 2020

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

John H. Frank	County Judge/Executive
Tim Darnell	Magistrate
Charles Judd	Magistrate
Terry Aaron	Magistrate
Andrew Parson	Magistrate
Steve Lewis	Magistrate

Other Elected Officials:

Russell W. Goff	County Attorney
Thomas E. Pepper	Jailer
Jessica S. Baker	County Clerk
Ann Arnett	Circuit Court Clerk
Robert Beard	Sheriff
Sean Curry	Property Valuation Administrator
Carol Ray	Coroner

Appointed Personnel:

Terri M. Talbott	County Treasurer
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**GREEN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2019

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

For The Year Ended June 30, 2019

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 844,729	\$	\$
Excess Fees	116,149		
Licenses and Permits	57,429		
Intergovernmental	285,884	2,207,964	80,544
Charges for Services	1,000	24,241	
Miscellaneous	13,431	31,398	180
Interest	507	530	40
Total Receipts	<u>1,319,129</u>	<u>2,264,133</u>	<u>80,764</u>
DISBURSEMENTS			
General Government	1,003,966	1,450	
Protection to Persons and Property	40,612		308,088
General Health and Sanitation	66,332	13,608	
Social Services	1,900		
Recreation and Culture	163,209		
Roads		1,717,878	
Debt Service			
Capital Projects		402,656	
Administration	96,259	181,359	19,375
Total Disbursements	<u>1,372,278</u>	<u>2,316,951</u>	<u>327,463</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(53,149)</u>	<u>(52,818)</u>	<u>(246,699)</u>
Other Adjustments to Cash (Uses)			
Payroll Revolving Account	6,130		
Transfers From Other Funds			230,000
Transfers To Other Funds	(255,000)		
Total Other Adjustments to Cash (Uses)	<u>(248,870)</u>		<u>230,000</u>
Net Change in Fund Balance	(302,019)	(52,818)	(16,699)
Fund Balance - Beginning (Restated)	424,324	411,994	29,000
Fund Balance - Ending	<u>\$ 122,305</u>	<u>\$ 359,176</u>	<u>\$ 12,301</u>
Composition of Fund Balance			
Bank Balance	\$ 124,033	\$ 360,710	\$ 12,329
Payroll Revolving Account Reconciled Balance	6,130		
Less: Outstanding Checks	(7,858)	(1,534)	(28)
Fund Balance - Ending	<u>\$ 122,305</u>	<u>\$ 359,176</u>	<u>\$ 12,301</u>

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

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

Budgeted Funds					Unbudgeted Fund	
Local Government Economic Assistance Fund	Forest Fire Fund	Park Fund	Emergency 911 Fund	911 CMRS Fund	Public Properties Corporation Fund	Total Funds
\$	\$ 1,455	\$	\$ 72,930	\$	\$	\$ 919,114
						116,149
						57,429
41,871		4,000		73,326	597,463	3,291,052
		17,939	11,200			54,380
501		9,816				55,326
189	1	22	36	223		1,548
<u>42,561</u>	<u>1,456</u>	<u>31,777</u>	<u>84,166</u>	<u>73,549</u>	<u>597,463</u>	<u>4,494,998</u>
978	1,086					1,007,480
30,279			94,597	138,347		611,923
3,234						83,174
						1,900
306		57,467				220,982
						1,717,878
					597,463	597,463
						402,656
						296,993
<u>34,797</u>	<u>1,086</u>	<u>57,467</u>	<u>94,597</u>	<u>138,347</u>	<u>597,463</u>	<u>4,940,449</u>
7,764	370	(25,690)	(10,431)	(64,798)		(445,451)
						6,130
		18,000	25,000			273,000
(18,000)						(273,000)
<u>(18,000)</u>		<u>18,000</u>	<u>25,000</u>			
(10,236)	370	(7,690)	14,569	(64,798)		(445,451)
133,097	609	14,707	44,205	100,667	6,356	1,164,959
<u>\$ 122,861</u>	<u>\$ 979</u>	<u>\$ 7,017</u>	<u>\$ 58,774</u>	<u>\$ 35,869</u>	<u>\$ 6,356</u>	<u>\$ 725,638</u>
\$ 122,911	\$ 979	\$ 8,234	\$ 58,774	\$ 35,869	\$ 6,356	\$ 730,195
						6,130
(50)		(1,217)				(10,687)
<u>\$ 122,861</u>	<u>\$ 979</u>	<u>\$ 7,017</u>	<u>\$ 58,774</u>	<u>\$ 35,869</u>	<u>\$ 6,356</u>	<u>\$ 725,638</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	11
NOTE 3.	TRANSFERS.....	12
NOTE 4.	LEASE AGREEMENT	12
NOTE 5.	LONG-TERM DEBT	13
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM	13
NOTE 7.	DEFERRED COMPENSATION.....	16
NOTE 8.	INSURANCE.....	16
NOTE 9.	PRIOR PERIOD ADJUSTMENTS	17
NOTE 10.	PAYROLL REVOLVING ACCOUNT	17
NOTE 11.	RELATED PARTY TRANSACTION.....	17

**GREEN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

GREEN 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)

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.

Forest Fire Fund - The primary purpose of this fund is to account for the collection and payment of property taxes collected for timberland acres located within Green County. The primary source of receipts for this fund is property taxes collected by the Green County Sheriff.

Park Fund - The primary purpose of this fund is to account for revenues earned and expenses incurred at the park in Green County. The primary sources of receipts for this fund is the collection of sign up fees for the baseball/softball fields.

Emergency 911 Fund - The primary purpose of this fund is emergency dispatch services for the citizens of Green County. The primary source of receipts for this fund is the collection of 911 fees charged to local telephone service bills.

911 CMRS Fund - The primary purpose of this fund is to provide support to the City of Greensburg for the purchase of emergency 911 equipment. The primary source of receipts for this fund is wireless telephone 911 surcharges.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties 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.

D. Budgetary Information

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Green County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

Note 2. Deposits

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.

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

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of 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	LGEA Fund	Total Transfers In
Jail Fund	\$ 230,000	\$	\$ 230,000
Emergency 911 Fund	25,000		25,000
Park Fund		18,000	18,000
Total Transfers Out	<u>\$ 255,000</u>	<u>\$ 18,000</u>	<u>\$ 273,000</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.

Note 4. Lease Agreement

In December 2016, the county entered into a lease agreement to lease vehicles for use by the Green County Fiscal Court. The fiscal court initially leased three vehicles, but added eight more since then. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease only and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. During fiscal year 2019, the county leased 11 vehicles with total lease payments of \$120,050. The lease payments required under the leasing agreement for the fiscal years ending June 30, 2020, and thereafter are as follows:

Fiscal Year Ended June 30	Amount
2020	\$ 120,050
2021	120,050
2022	115,485
2023	<u>52,363</u>
Total Minimum Lease Payments	<u>\$ 407,948</u>

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

Note 5. Long-term Debt

A. Other Debt

1. First Mortgage Revenue Refunding Bonds, Series 2016

On August 17, 2016, the Green County Public Properties Corporation issued first mortgage revenue refunding bonds, series 2016, in the amount of \$7,175,000 to retire part of the public properties corporation lease revenue bonds, series 2008, which were issued for the acquisition of land and construction of the Green County Judicial Center. The fiscal court authorized the refunding at a variable rate between 1.00% and 2.25%. The new reissue resulted in a savings of \$463,516 of which the public properties corporation agreed to pay 10% of the savings to the fiscal court in the amount of \$46,352. The bonds require annual principal payments starting February 1, 2019 and semiannual interest payments on February 1 and August 1. The Green County Fiscal Court has a sublease the Administrative Office of the Courts (AOC), Commonwealth of Kentucky, for approximately 100% of the Green County Judicial Center debt. Future principal and interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest and Fees
2020	\$ 690,000	\$ 137,913
2021	705,000	124,113
2022	715,000	110,013
2023	730,000	95,712
2024	745,000	81,112
2025-2028	<u>3,135,000</u>	<u>170,650</u>
Total	<u>\$ 6,720,000</u>	<u>\$ 719,513</u>

2. Changes In Long-term Debt

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

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	<u>\$ 7,175,000</u>	<u>\$</u>	<u>\$ 455,000</u>	<u>\$ 6,720,000</u>	<u>\$ 690,000</u>
Total Long-term Debt	<u>\$ 7,175,000</u>	<u>\$ 0</u>	<u>\$ 455,000</u>	<u>\$ 6,720,000</u>	<u>\$ 690,000</u>

* The beginning balance of long-term debt was restated by (\$123,588), due to the inclusion in the prior audit of a lease (see note 4)

Note 6. Employee Retirement System

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

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

Note 6. Employee Retirement System (Continued)

The county's contribution for FY 2017 was \$152,749, FY 2018 was \$158,902, and FY 2019 was \$180,733.

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

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

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

The county's contribution rate for nonhazardous employees was 21.48 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Note 6. Employee Retirement System (Continued)

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

Benefits are covered under KRS 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.

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

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

Note 6. Employee Retirement System (Continued)

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.

Note 7. Deferred Compensation

The Green 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 8. Insurance

For the fiscal year ended June 30, 2019, the Green 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.

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

Note 9. Prior Period Adjustments

	General Fund	Road Fund	Local Government Economic Assistance Fund	Forest Fire Fund	Park Fund	911 CMRS Fund
Fund Balance - Beginning	\$ 424,233	\$ 411,995	\$ 133,095	\$ 610	\$ 14,717	\$ 100,668
Prior Year Check Voided	92					
Rounding	(1)	(1)	2	(1)	(10)	(1)
Fund Balance - Beginning (Restated)	<u>\$ 424,324</u>	<u>\$ 411,994</u>	<u>\$ 133,097</u>	<u>\$ 609</u>	<u>\$ 14,707</u>	<u>\$ 100,667</u>

Note 10. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2019, was added to the general fund cash balance for financial reporting purposes.

Note 11. Related Party Transaction

One of the elected magistrates is employed by a paving company that provides services to the Green Fiscal Court Fiscal Court. The Green County Fiscal Court paid a total of \$1,107,709 on road products and services from this company during the fiscal year. The magistrate abstains from any voting which has do with the vendor.

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GREEN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

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GREEN 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	\$ 806,000	\$ 806,000	\$ 844,729	\$ 38,729
Excess Fees	91,392	91,392	116,149	24,757
Licenses and Permits	59,700	59,700	57,429	(2,271)
Intergovernmental	241,000	241,000	285,884	44,884
Charges for Services	1,000	1,000	1,000	
Miscellaneous	20,000	20,000	13,431	(6,569)
Interest	850	850	507	(343)
Total Receipts	<u>1,219,942</u>	<u>1,219,942</u>	<u>1,319,129</u>	<u>99,187</u>
DISBURSEMENTS				
General Government	1,077,021	1,174,466	1,003,966	170,500
Protection to Persons and Property	36,425	49,325	40,612	8,713
General Health and Sanitation	57,125	69,920	66,332	3,588
Social Services	2,000	2,000	1,900	100
Recreation and Culture	96,900	199,781	163,209	36,572
Administration	411,028	185,007	96,259	88,748
Total Disbursements	<u>1,680,499</u>	<u>1,680,499</u>	<u>1,372,278</u>	<u>308,221</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(460,557)</u>	<u>(460,557)</u>	<u>(53,149)</u>	<u>407,408</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	190,557	190,557		(190,557)
Transfers To Other Funds	(265,000)	(265,000)	(255,000)	10,000
Total Other Adjustments to Cash (Uses)	<u>(74,443)</u>	<u>(74,443)</u>	<u>(255,000)</u>	<u>(180,557)</u>
Net Change in Fund Balance	(535,000)	(535,000)	(308,149)	226,851
Fund Balance - Beginning (Restated)	<u>535,000</u>	<u>535,000</u>	<u>424,324</u>	<u>(110,676)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 116,175</u>	<u>\$ 116,175</u>

GREEN 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	\$ 1,402,136	\$ 1,968,912	\$ 2,207,964	\$ 239,052
Charges for Services	25,500	25,500	24,241	(1,259)
Miscellaneous	11,700	39,485	31,398	(8,087)
Interest	1,000	1,000	530	(470)
Total Receipts	<u>1,440,336</u>	<u>2,034,897</u>	<u>2,264,133</u>	<u>229,236</u>
DISBURSEMENTS				
General Government		1,450	1,450	
General Health and Sanitation	1,500	14,000	13,608	392
Roads	1,463,793	1,864,721	1,717,878	146,843
Capital Projects	130,000	409,164	402,656	6,508
Administration	304,486	205,005	181,359	23,646
Total Disbursements	<u>1,899,779</u>	<u>2,494,340</u>	<u>2,316,951</u>	<u>177,389</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(459,443)</u>	<u>(459,443)</u>	<u>(52,818)</u>	<u>406,625</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(190,557)</u>	<u>(190,557)</u>		<u>190,557</u>
Total Other Adjustments to Cash (Uses)	<u>(190,557)</u>	<u>(190,557)</u>		<u>190,557</u>
Net Change in Fund Balance	(650,000)	(650,000)	(52,818)	597,182
Fund Balance - Beginning (Restated)	<u>650,000</u>	<u>650,000</u>	<u>411,994</u>	<u>(238,006)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 359,176</u>	<u>\$ 359,176</u>

GREEN 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				
Intergovernmental	\$ 87,550	\$ 87,550	\$ 80,544	\$ (7,006)
Miscellaneous	700	700	180	(520)
Interest	50	50	40	(10)
Total Receipts	<u>88,300</u>	<u>88,300</u>	<u>80,764</u>	<u>(7,536)</u>
DISBURSEMENTS				
Protection to Persons and Property	306,800	319,400	308,088	11,312
Administration	41,500	28,900	19,375	9,525
Total Disbursements	<u>348,300</u>	<u>348,300</u>	<u>327,463</u>	<u>20,837</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(260,000)</u>	<u>(260,000)</u>	<u>(246,699)</u>	<u>13,301</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	240,000	240,000	230,000	(10,000)
Total Other Adjustments to Cash (Uses)	<u>240,000</u>	<u>240,000</u>	<u>230,000</u>	<u>(10,000)</u>
Net Change in Fund Balance	(20,000)	(20,000)	(16,699)	3,301
Fund Balance - Beginning	<u>20,000</u>	<u>20,000</u>	<u>29,000</u>	<u>9,000</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,301</u>	<u>\$ 12,301</u>

GREEN 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	\$ 45,000	\$ 45,000	\$ 41,871	\$ (3,129)
Miscellaneous	500	500	501	1
Interest	200	200	189	(11)
Total Receipts	<u>45,700</u>	<u>45,700</u>	<u>42,561</u>	<u>(3,139)</u>
DISBURSEMENTS				
General Government	12,100	12,100	978	11,122
Protection to Persons and Property	49,000	52,443	30,279	22,164
General Health and Sanitation	9,500	9,500	3,234	6,266
Social Services	1,500	1,500		1,500
Recreation and Culture	23,000	23,000	306	22,694
Administration	80,600	77,157		77,157
Total Disbursements	<u>175,700</u>	<u>175,700</u>	<u>34,797</u>	<u>140,903</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
	<u>(130,000)</u>	<u>(130,000)</u>	<u>7,764</u>	<u>137,764</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(20,000)</u>	<u>(20,000)</u>	<u>(18,000)</u>	<u>2,000</u>
Total Other Adjustments to Cash (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(18,000)</u>	<u>2,000</u>
Net Change in Fund Balance	(150,000)	(150,000)	(10,236)	139,764
Fund Balance - Beginning (Restated)	<u>150,000</u>	<u>150,000</u>	<u>133,097</u>	<u>(16,903)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 122,861</u>	<u>\$ 122,861</u>

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

	FOREST FIRE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,500	\$ 1,500	\$ 1,455	\$ (45)
Interest	3	3	1	(2)
Total Receipts	<u>1,503</u>	<u>1,503</u>	<u>1,456</u>	<u>(47)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,953	1,953	1,086	867
Total Disbursements	<u>1,953</u>	<u>1,953</u>	<u>1,086</u>	<u>867</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(450)</u>	<u>(450)</u>	<u>370</u>	<u>820</u>
Net Change in Fund Balance	(450)	(450)	370	820
Fund Balance - Beginning (Restated)	<u>450</u>	<u>450</u>	<u>609</u>	<u>159</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 979</u>	<u>\$ 979</u>

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

	PARK FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 4,000	\$ 4,000	\$ 4,000	\$
Charges for Services	18,000	18,000	17,939	(61)
Miscellaneous	20,000	20,000	9,816	(10,184)
Interest	100	100	22	(78)
Total Receipts	<u>42,100</u>	<u>42,100</u>	<u>31,777</u>	<u>(10,323)</u>
DISBURSEMENTS				
Recreation and Culture	75,140	76,595	57,467	19,128
Administration	1,960	505		505
Total Disbursements	<u>77,100</u>	<u>77,100</u>	<u>57,467</u>	<u>19,633</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(25,690)</u>	<u>9,310</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	20,000	20,000	18,000	(2,000)
Total Other Adjustments to Cash (Uses)	<u>20,000</u>	<u>20,000</u>	<u>18,000</u>	<u>(2,000)</u>
Net Change in Fund Balance	(15,000)	(15,000)	(7,690)	7,310
Fund Balance - Beginning (Restated)	<u>15,000</u>	<u>15,000</u>	<u>14,707</u>	<u>(293)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,017</u>	<u>\$ 7,017</u>

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

	EMERGENCY 911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 85,000	\$ 85,000	\$ 72,930	\$ (12,070)
Charges for Services	12,400	12,400	11,200	(1,200)
Interest	10	10	36	26
Total Receipts	<u>97,410</u>	<u>97,410</u>	<u>84,166</u>	<u>(13,244)</u>
DISBURSEMENTS				
Protection to Persons and Property	130,000	130,000	94,597	35,403
Administration	2,410	2,410		2,410
Total Disbursements	<u>132,410</u>	<u>132,410</u>	<u>94,597</u>	<u>37,813</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(10,431)</u>	<u>24,569</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	25,000	25,000	25,000	
Total Other Adjustments to Cash (Uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u></u>
Net Change in Fund Balance	(10,000)	(10,000)	14,569	24,569
Fund Balance - Beginning	<u>10,000</u>	<u>10,000</u>	<u>44,205</u>	<u>34,205</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 58,774</u>	<u>\$ 58,774</u>

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

	911 CMRS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 103,000	\$ 103,000	\$ 73,326	\$ (29,674)
Interest	150	150	223	73
Total Receipts	<u>103,150</u>	<u>103,150</u>	<u>73,549</u>	<u>(29,601)</u>
DISBURSEMENTS				
Protection to Persons and Property	178,150	178,150	138,347	39,803
Total Disbursements	<u>178,150</u>	<u>178,150</u>	<u>138,347</u>	<u>39,803</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(64,798)</u>	<u>10,202</u>
Net Change in Fund Balance	(75,000)	(75,000)	(64,798)	10,202
Fund Balance - Beginning (Restated)	<u>75,000</u>	<u>75,000</u>	<u>100,667</u>	<u>25,667</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,869</u>	<u>\$ 35,869</u>

**GREEN 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. Reconciliation of the General Fund

Other Adjustments to Cash (uses) - Budgetary Basis	\$ (255,000)
To adjust for Payroll Revolving Account	<u>6,130</u>
Total Other Adjustments to Cash (uses) - Regulatory Basis	<u>\$ (248,870)</u>
Fund Balance - Ending - Budgetary Basis	\$ 116,175
To adjust for Payroll Revolving Account	<u>6,130</u>
Total Fund Balance - Ending - Regulatory Basis	<u>\$ 122,305</u>

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GREEN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

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GREEN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 945,551	\$	\$	\$ 945,551
Buildings	12,086,345			12,086,345
Equipment	1,253,892	38,602		1,292,494
Vehicles *	449,891			449,891
Infrastructure	7,442,800	1,388,444		8,831,244
 Total Capital Assets	 <u>\$ 22,178,479</u>	 <u>\$ 1,427,046</u>	 <u>\$ 0</u>	 <u>\$ 23,605,525</u>

**GREEN 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 Improvements	\$ 25,000	40-50
Buildings and Building Improvements	\$ 25,000	40-50
Machinery and Equipment	\$ 10,000	7-30
Vehicles	\$ 5,000	5-15
Infrastructure	\$ 25,000	12-50

Note 2. Restatement of Capital Assets Beginning Balance

The beginning balance of vehicles was decreased by \$157,158 for lease vehicles that should not be on the capital asset schedule.

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable John H. Frank, Green County Judge/Executive
Members of the Green 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 Green County Fiscal Court for the fiscal year ended June 30, 2019 and the related notes to the financial statement which collectively comprise the Green County Fiscal Court's financial statement and have issued our report thereon dated August 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Green County Fiscal Court's internal control over financial reporting (internal control) to determine 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 Green County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Green 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 Green 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 of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-001.

Views of Responsible Official and Planned Corrective Action

Green County's views and planned corrective action for the finding identified in our audit is 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

August 21, 2020

**GREEN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

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**GREEN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

STATE LAWS AND REGULATIONS:

2019-001 The Green County Fiscal Court Did Not Properly Disclose Debt On The Fourth Quarter Financial Report

The Green County Fiscal Court did not the report the debt of public properties refinanced bonds, series 2016, liabilities on the fourth quarter financial report.

The county treasurer stated she was not aware they needed to include this debt on the fourth quarter financial report.

By not correctly reporting outstanding liabilities, the fiscal court cannot make effective management decisions as it relates to debt service outstanding each fiscal year.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* which requires the liabilities section of the fourth quarter financial report to be utilized for reporting all current long-term debt.

We recommend the fiscal court properly disclosure all debt on the liability section of the fourth quarter financial reports.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: From this point forward this error will be corrected. I have to rely on my Treasurer to complete reports as required, although I fully understand that ultimately it's my responsibility and I can assure you that this will not be a problem in the future.

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

GREEN COUNTY FISCAL COURT

For The Year Ended June 30, 2019

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2019

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



County Judge/Executive



County Treasurer