

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

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



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

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



CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
LIVINGSTON COUNTY OFFICIALS .....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT.....	10
BUDGETARY COMPARISON SCHEDULES.....	27
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	38
SCHEDULE OF CAPITAL ASSETS.....	41
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	42
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> .....	45
SCHEDULE OF FINDINGS AND RESPONSES.....	49
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 Garrett Gruber, Livingston County Judge/Executive  
Members of the Livingston 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 Livingston County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Livingston 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 Garrett Gruber, Livingston County Judge/Executive  
Members of the Livingston 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 Livingston 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 Livingston County Fiscal Court as of June 30, 2020, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Livingston County Fiscal Court as of June 30, 2020, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

### **Other Matters**

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Livingston 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 Garrett Gruber, Livingston County Judge/Executive  
Members of the Livingston County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, on our consideration of the Livingston 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 Livingston 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 findings:

- 2020-001 Cash Transfers Were Not Properly Approved Prior To Transfer
- 2020-002 The Livingston County Fiscal Court Overspent The Jail, Sheriff Department, And 911 Fund Budgets
- 2020-003 The Livingston County Fiscal Court Lacks Adequate Internal Controls Over Debt Reporting
- 2020-004 The Livingston County Fiscal Court Lacks Adequate Internal Controls Over Purchase Orders
- 2020-005 The Livingston County Fiscal Court Lacks Proper Oversight Of The Payroll Revolving Account

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

February 19, 2021

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

Garrett Gruber	County Judge/Executive
Brad Hunter	Magistrate
Dennis Jones	Magistrate
Klay Southern	Magistrate
Franklin Walker	Magistrate

**Other Elected Officials:**

Allen Wilson	County Attorney
Benjamin Guill	Jailer
Sonya Williams	County Clerk
Debbie Knoth	Circuit Court Clerk
Bobby Davidson	Sheriff
Elisha Harper	Property Valuation Administrator
Amanda Nelson	Coroner

**Appointed Personnel:**

Kristine Quertermous	County Treasurer
Tracy Mitchell	Chief Financial Officer
Kayla Curry	Occupational Tax Administrator



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

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

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

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

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 1,484,323	\$	\$
In Lieu Tax Payments	465,706		
Excess Fees	17,421		
Licenses and Permits	20,183		
Intergovernmental	375,700	1,491,592	82,490
Charges for Services	14,282	1,370	
Miscellaneous	92,578	4,110	50
Interest	17,986	10,198	
Total Receipts	<u>2,488,179</u>	<u>1,507,270</u>	<u>82,540</u>
<b>DISBURSEMENTS</b>			
General Government	506,973		
Protection to Persons and Property	36,212		317,612
General Health and Sanitation	4,924	16,319	
Social Services	8,932		
Recreation and Culture	6,998		
Roads		1,105,878	
Debt Service	386,301		
Administration	556,265	368,165	39,867
Total Disbursements	<u>1,506,605</u>	<u>1,490,362</u>	<u>357,479</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>981,574</u>	<u>16,908</u>	<u>(274,939)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds			
Change in Payroll Revolving Account	29,493		
Transfers From Other Funds			270,000
Transfers To Other Funds	(885,000)		
Total Other Adjustments to Cash (Uses)	<u>(855,507)</u>		<u>270,000</u>
Net Change in Fund Balance	126,067	16,908	(4,939)
Fund Balance - Beginning	<u>551,116</u>	<u>401,350</u>	<u>9,433</u>
Fund Balance - Ending	<u>\$ 677,183</u>	<u>\$ 418,258</u>	<u>\$ 4,494</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 665,441	\$ 418,913	\$ 5,722
Payroll Account Reconciled Balance	16,856		
Less: Outstanding Checks	(5,114)	(655)	(1,228)
Fund Balance - Ending	<u>\$ 677,183</u>	<u>\$ 418,258</u>	<u>\$ 4,494</u>

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

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

<b>Budgeted Funds</b>						
<b>Local Government Economic Assistance Fund</b>	<b>Sheriff Department Fund</b>	<b>Occupational Tax Fund</b>	<b>911 Fund</b>	<b>Kentucky Land Grant Fund</b>	<b>Tourism Fund</b>	<b>Judicial Center Fund</b>
\$ 61,846	\$	\$ 1,161,150	\$ 163,744	\$	\$ 27,485	\$
737,019	266,419	248,411			2,022	247,987
1,195			20			
3,769	313,147			25,000		
14,888		14,508			816	
<u>818,717</u>	<u>579,566</u>	<u>1,424,069</u>	<u>163,764</u>	<u>25,000</u>	<u>30,323</u>	<u>247,987</u>
136,063	851,532	107,996			13,499	213,834
12,470		919,314	339,375			
201,306		7,448				
19,698						
89,763						
161,854		198,881				
132,406		96,510				
25,025	142,764		155,385			52,805
<u>778,585</u>	<u>994,296</u>	<u>1,330,149</u>	<u>494,760</u>		<u>13,499</u>	<u>266,639</u>
<u>40,132</u>	<u>(414,730)</u>	<u>93,920</u>	<u>(330,996)</u>	<u>25,000</u>	<u>16,824</u>	<u>(18,652)</u>
		114,702				
	640,163		325,000			
	<u>(230,158)</u>	<u>(120,000)</u>				
	<u>410,005</u>	<u>(5,298)</u>	<u>325,000</u>			
40,132	(4,725)	88,622	(5,996)	25,000	16,824	(18,652)
875,469	17,456	829,945	12,748	84,765	46,524	61,900
<u>\$ 915,601</u>	<u>\$ 12,731</u>	<u>\$ 918,567</u>	<u>\$ 6,752</u>	<u>\$ 109,765</u>	<u>\$ 63,348</u>	<u>\$ 43,248</u>
\$ 915,779	\$ 13,024	\$ 921,173	\$ 6,818	\$ 109,765	\$ 63,348	\$ 43,548
(178)	(293)	(2,606)	(66)			(300)
<u>\$ 915,601</u>	<u>\$ 12,731</u>	<u>\$ 918,567</u>	<u>\$ 6,752</u>	<u>\$ 109,765</u>	<u>\$ 63,348</u>	<u>\$ 43,248</u>

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

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

	<u>Budgeted Fund</u>	<u>Unbudgeted Fund</u>	
	<b>Special Reserve Fund</b>	<b>Public Properties Corporation Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 2,898,548
In Lieu Tax Payments			465,706
Excess Fees			17,421
Licenses and Permits			20,183
Intergovernmental		539,775	3,991,415
Charges for Services			16,867
Miscellaneous			438,654
Interest	10,582	99	69,077
Total Receipts	<u>10,582</u>	<u>539,874</u>	<u>7,917,871</u>
<b>DISBURSEMENTS</b>			
General Government			1,829,897
Protection to Persons and Property			1,624,983
General Health and Sanitation			229,997
Social Services			28,630
Recreation and Culture			96,761
Roads			1,466,613
Debt Service		539,775	1,154,992
Administration		1	1,340,277
Total Disbursements		<u>539,776</u>	<u>7,772,150</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>10,582</u>	<u>98</u>	<u>145,721</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds			114,702
Payroll Revolving Account			29,493
Transfers From Other Funds	230,158		1,465,321
Transfers To Other Funds	(230,163)		(1,465,321)
Total Other Adjustments to Cash (Uses)	<u>(5)</u>		<u>144,195</u>
Net Change in Fund Balance	10,577	98	289,916
Fund Balance - Beginning	744,956	791	3,636,453
Fund Balance - Ending	<u>\$ 755,533</u>	<u>\$ 889</u>	<u>\$ 3,926,369</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 755,533	\$ 889	\$ 3,919,953
Payroll Account Reconciled Balance			16,856
Less: Outstanding Checks			(10,440)
Fund Balance - Ending	<u>\$ 755,533</u>	<u>\$ 889</u>	<u>\$ 3,926,369</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 .....	10
NOTE 2.	DEPOSITS .....	13
NOTE 3.	TRANSFERS.....	13
NOTE 4.	LONG-TERM DEBT .....	14
NOTE 5.	COMMITMENTS AND CONTINGENCIES .....	20
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM .....	21
NOTE 7.	DEFERRED COMPENSATION.....	23
NOTE 8.	INSURANCE.....	24
NOTE 9.	PAYROLL REVOLVING ACCOUNT .....	24

**LIVINGSTON COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2020**

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

**A. Reporting Entity**

The financial statement of Livingston County includes all budgeted and unbudgeted funds under the control of the Livingston 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 Livingston County Ambulance Service District would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they are no longer are required components of the reporting entity.

**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.

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

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

**C. Basis of Presentation (Continued)**

**Budgeted Funds (Continued)**

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.

Sheriff Department Fund - The primary purpose of this fund is to account for expenses related to the sheriff's department. The primary source of receipts for this fund is reimbursements from the sheriff department for payroll expenses.

Occupational Tax Fund - The primary purpose of this fund is to account for occupational taxes collected and associated expenditures. The primary source of receipts for this fund is occupational taxes.

911 Fund - The primary purpose of this fund is to account for some emergency equipment expenses of the county. The primary sources of receipts for this fund are federal and state grants and 911 surcharges.

Kentucky Land Grant Fund - The primary purpose of this fund is to account for grants received for land purchases and improvements and related expenses.

Tourism Fund - The primary purpose of this fund is to account for tourism contributions and related expenses.

Judicial Center Fund - The primary purpose of this fund is to account for the expenses of the county judicial center. The primary sources of receipts for this fund are AOC payments and other reimbursements.

Special Reserve Fund - The primary purpose of this fund is to act as a savings account for the fiscal court.

**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.

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

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

**D. Budgetary Information (Continued)**

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.

**E. Livingston County Elected Officials**

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



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

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

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

	General Fund	Sheriff Department Fund	Occupational Tax Fund	Special Reserve Fund	Total Transfers In
Jail Fund	\$ 250,000	\$	\$ 20,000	\$	\$ 270,000
Sheriff Department Fund	335,000		75,000	230,163	640,163
911 Fund	300,000		25,000		325,000
Special Reserve Fund		230,158			230,158
Total Transfers Out	<u>\$ 885,000</u>	<u>\$ 230,158</u>	<u>\$ 120,000</u>	<u>\$ 230,163</u>	<u>\$ 1,465,321</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.

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

**Note 4. Long-term Debt**

**A. Bonds**

**1. General Obligation Refunding Bonds (Library and Offices Project), Series 2015**

The Livingston County Fiscal Court issued the County of Livingston, Kentucky General Obligation Refunding Bonds (Library and Offices Project), Series 2015, dated April 21, 2015, in the principal amount of \$3,270,000 for the purpose of refunding for debt service savings the outstanding County of Livingston, Kentucky General Obligation Bonds, Taxable Series 2010 (Build America Bonds Direct Payment To Issuer) (the "Refunded Bonds"). Interest on the bonds varying from 1 to 3 percent is payable each May 1 and November 1, beginning November 1, 2015. The principle balance as of June 30, 2020, was \$2,275,000. The payment of the principal thereof and interest thereon is secured by the full faith, credit and resources of the county which is hereby pledged for such purpose. In an event of a default the bondholders may proceed to protect and enforce their rights by any one or more of the following remedies:

1. By mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the bondholders, including the right to require the county to enforce fully the ordinance and to charge, collect, and fully account for the county revenues and to require the county to carry out any and all other covenants or agreements with the bondholders and to perform its duties under the act;
2. By bringing suit upon the bonds;
3. By action or suit in equity, require the county to account as if it were the paying agent of an express trust for the owners of the bonds;
4. By declaring all bonds due and payable, and if all defaults shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequences; or
5. In the event that all bonds are declared due and payable, by selling permitted investments of the county (to the extent not theretofore set aside for redemption of bonds for which call has been made), and enforcing all courses in action of the county to the fullest legal extent in the name of the county for the use and benefit of the owners of the bonds.

Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 205,000	\$ 56,225
2022	215,000	52,125
2023	215,000	47,825
2024	220,000	43,256
2025	225,000	38,306
2026-2030	<u>1,195,000</u>	<u>104,663</u>
Totals	<u>\$ 2,275,000</u>	<u>\$ 342,400</u>

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

**Note 4. Long-term Debt (Continued)**

**A. Bonds (Continued)**

**2. Public Properties Corporation Lease Revenue Refunding Bonds Series 2015**

The Livingston County Public Properties Corporation issued County of Livingston Public Properties Corporation Lease Revenue Refunding Bonds, Series 2015, in the principal amount of \$5,270,000. The bonds were issued for refunding a portion of the issuer's County of Livingston Public Properties Corporation Lease Revenue Bonds, Series 2007 that mature on and after August 1, 2019. Interest varies from 3.125 to 5.0 percent and is payable semi-annually on February 1 and August 1 of each year commencing February 1, 2016. The Livingston County Public Properties Corporation has leased the building to the Commonwealth of Kentucky, Administrative Office of the Courts (AOC), and AOC is providing the debt service payments as prescribed in the aforementioned lease. The lease revenue refunding bonds are secured by a mortgage lien and revenue pledge against the project. In the event of default by any of the following remedies:

- By enforcement of the foreclosable mortgage lien on the project and improvements granted by the mortgage, and in such even the trustee shall take over possession, custody and control of the project and shall operate or carry out a decretal sale of same with due regard to state and federal law and the covenants contained in the lease for the benefit of the owners of the Bonds; provided, however, that no such foreclosure sale shall result in a deficiency judgement of any type or in any amount against the county, the AOC or the issuer, and until such sale the county or the AOC may at any time by the discharge of the bonds and interest thereon receive unencumbered fee simple title to the mortgaged facilities; provided that in the event of any such enforcement of said lien by the trustee, there shall first be paid all expenses incident to said enforcement, and thereafter the bonds then outstanding shall be paid and retired;
- By mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the bond owners, including the right to require the issuer to enforce fully the lease and to charge, collect and fully account for the rents payable thereunder and to require the issuer to carry out any and all other covenants or agreements with the bond owners and to perform its duties under the act;
- By bringing suit upon the bonds;
- By action or suit in equity, require the issuer to account as if it were the trustee of an express trust for the owners of the bonds;
- By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the bonds;
- By declaring bonds due and payable, and if all defaults shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequences;
- In the event that all bonds are declared due and payable, by selling permitted investments of the issuer (to extent not theretofore set aside for redemption of bonds for which call has been made), and enforcing all courses in action of the issuer to the fullest legal extent in the name of the issuer for the use and benefit of the owners of the bonds.

In the event of such foreclosure and sale of the project under judgement to satisfy the lien securing the bonds, all sums realized from such sale shall be applied to the extent necessary to pay the costs and expenses of such foreclosure (including necessary legal fees and the fees and expenses of the trustee and/or its counsel), together with the amounts necessary to satisfy all rights of the bond owners; provided further, that all sums, if any, realized from such sale in excess of the amount necessary to pay the costs and expenses of such foreclosure and the principal and interest owed to bond owners, shall be paid to and become the property of the county.

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

**Note 4. Long-term Debt (Continued)**

**A. Bonds (Continued)**

**2. Public Properties Corporation Lease Revenue Refunding Bonds Series 2015 (Continued)**

In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof. Provided, however, that no action taken in connection with the enforcement of the lien herein granted, prior to foreclosure and sale of the project, shall in any way impair or affect the unqualified right of the county to receive unencumbered fee simple title to the project at such time as all of the bonds herein authorized and any additional bonds ranking on a parity therewith, shall have been paid as to principal and interest, or provision made for the payment and satisfaction of the bonds have been paid.

The principal balance as of June 30, 2020, was \$4,950,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 450,000	\$ 200,525
2022	475,000	177,400
2023	500,000	153,025
2024	525,000	127,400
2025	555,000	100,400
2026-2029	<u>2,445,000</u>	<u>160,163</u>
Totals	<u>\$ 4,950,000</u>	<u>\$ 918,913</u>

**B. Direct Borrowings and Direct Placements**

**1. Crittenden/Livingston Water District**

On September 21, 2017, the Livingston County Fiscal Court entered into a financing obligation with the Kentucky Association of Counties Leasing Trust (KACoLT) for long-term financing to replace a long-term note which was used to run approximately 90 miles of waterline in Crittenden and Livingston counties. The principal of the lease is \$2,445,000 with repayment to be made over a 21 year period starting in February 2011. Livingston County has entered into an agreement with the Crittenden Livingston Water District for repayment of the note with KACoLT and has filed a lien on the property until the note is retired. The Livingston County Fiscal Court is obligated to pay the debt, however the Crittenden Livingston Water District is repaying the note. The obligation of the lessee created by the lease shall be a full general obligation of the lessee and for the prompt payment of the lease payments, the full faith, credit and revenue of the lessee are hereby pledged. In the event of a default, the following could occur:

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

**Note 4. Long-term Debt (Continued)**

**B. Direct Borrowings and Direct Placements (Continued)**

**1. Crittenden/Livingston Water District (Continued)**

- By appropriate court action, enforce the pledge set forth in section 2 of the ordinance and section 11 of the lease so that during the remaining lease term there is levied on all taxable property in the lessee, in addition to all other taxes without limitations as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due;
- Take legal title to, and sell or re-lease the project or any portion thereof;
- Take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof.

The lessee will remain liable for all covenants and obligations under this lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by the lessor with respect to the enforcement of any of the remedies under this lease, when a court of competent jurisdiction has finally adjudicated that an event of default has occurred. As of June 30, 2020, the balance was \$2,191,666. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 80,000	\$ 83,018
2022	82,083	78,818
2023	87,083	74,509
2024	92,083	69,937
2025	97,084	65,102
2026-2030	558,333	256,317
2031-2035	648,334	160,786
2036-2039	546,666	43,155
Totals	<u>\$ 2,191,666</u>	<u>\$ 831,642</u>

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

**Note 4. Long-term Debt (Continued)**

**B. Direct Borrowings and Direct Placements (Continued)**

**2. Hospital and Health Care Services Project and Ledbetter Sewer System**

On June 20, 2019, the county entered into a refinancing of a financing obligation with Kentucky Association of Counties Leasing Trust (KACoLT) for the financing of a hospital and health care services project and the sewer system project for Livingston County, Kentucky. The principal amount of the refinanced lease is \$1,447,000 with repayment to be made over a six year and seventeen year period starting in June 2007, respectively. Livingston County has entered into an agreement with Livingston Hospital and Health Care Services, Inc., for repayment of the note with KACoLT and has filed a lien on the property until the note is retired. The Ledbetter Water District has pledged their revenues for repayment of the note and are repaying the note to KACoLT. The obligation of the lessee created by the lease shall be a full general obligation of the lessee and for the payment of the lease rental payments, the full faith, credit and revenue of the lessee are hereby pledged for the prompt payment thereof. Whenever any event of default has occurred and is continuing, the lessor may, without any further demand or notice, take one or more of the following remedial steps:

- By appropriate court action, enforce the pledge set forth in section 2 of the ordinance and section 11 of this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due;
- Take legal title to, and sell or re-lease the project or any portion thereof;
- Take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof.

The lessee will remain liable for all covenants and obligations under this lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by the lessor with respect to the enforcement of any of the remedies under this lease, when a court of competent jurisdiction has finally adjudicated that an event of default has occurred. The principal balance as of June 30, 2020, was \$1,357,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 100,000	\$ 58,236
2022	110,000	53,111
2023	115,000	47,611
2024	115,000	41,861
2025	137,500	35,986
2026-2030	322,500	109,154
2031-2035	320,000	46,804
2036-2037	137,000	3,878
Totals	<u>\$ 1,357,000</u>	<u>\$ 396,641</u>

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

**Note 4. Long-term Debt (Continued)**

**B. Direct Borrowings and Direct Placements (Continued)**

**3. Ambulance**

On September 26, 2019, the county entered into a Master Equipment Lease Purchase Agreement with REV Financial Services, LLC, for a 2019 AEV type III ambulance. The principal balance of the equipment lease was \$114,702. All amounts advanced by the lessor shall constitute additional rent for the then current original term or renewal term and lessee agrees to pay such amounts so advanced by lessor with interest thereon from the advance date until paid at the rate of 12% per annum or the maximum rate permitted by law, whichever is less. The AEV type III ambulance is pledged as collateral in the event of termination of the lease or an occurrence of an event of default. In the event of default exists, the lessor shall have the right to take one or any combination of the following remedial steps:

- By written notice to lessee, lessor may declare all rental payments payable by lessee pursuant to such lease and other amount payable by lessee under such lease to the end of the then current original term or renewal term to be immediately due and payable;
- With or without terminating the lease term under such lease, lessor may enter the premises where the equipment listed in such lease is located and retake possession of such equipment or require lessee at lessee's expense to promptly return any or all of such equipment to the possession of lessor at such place within the United States as lessor shall specify, and sell or lease such equipment for the account of lessee, sublease such equipment continuing to hold lessee liable for the difference between the rental payments payable by lessee pursuant to such lease and other amounts related to such lease of the equipment listed therein that are payable by lessee to the end of the current original term or renewal term, as the case may be, and the net proceeds of any such sale, leasing for subleasing (after deducting all expenses of lessor in exercising its remedies under such lease, including without limitation all expenses of taking possession, storing, reconditioning, and selling or leasing such equipment and all brokerage, auctioneer's and attorney's fees), subject, however to the precisions of section 7 hereof.
- Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under such lease or as a secured party in any or all the equipment.

The balance of this equipment lease agreement as of June 30, 2020, was \$94,534. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 27,824	\$ 3,193
2022	28,929	2,088
2023	30,077	940
2024	<u>7,704</u>	<u>50</u>
Totals	<u>\$ 94,534</u>	<u>\$ 6,271</u>

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

**Note 4. Long-term Debt (Continued)**

**C. Aggregate Debt Schedules**

The amounts of required principal and interest payments on long-term obligations at June 30, 2020, are as follows:

Fiscal Year Ended June 30	Bonds		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 655,000	\$ 256,750	\$ 207,824	\$ 144,447
2022	690,000	229,525	221,012	134,017
2023	715,000	200,850	232,160	123,060
2024	745,000	170,656	214,787	111,848
2025	780,000	138,706	234,584	101,088
2026-2030	3,640,000	264,826	880,833	365,471
2031-2035			968,334	207,590
2036-2039			683,666	47,033
	<u>\$ 7,225,000</u>	<u>\$ 1,261,313</u>	<u>\$ 3,643,200</u>	<u>\$ 1,234,554</u>

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 2,480,000	\$	\$ 205,000	\$ 2,275,000	\$ 205,000
Revenue Bonds	5,270,000		320,000	4,950,000	450,000
Direct Borrowings and Direct Placements	<u>3,715,750</u>	<u>114,702</u>	<u>197,252</u>	<u>3,633,200</u>	<u>207,824</u>
Total Long-term Debt	<u>\$ 11,465,750</u>	<u>\$ 114,702</u>	<u>\$ 722,252</u>	<u>\$10,858,200</u>	<u>\$ 862,824</u>

**Note 5. Commitments and Contingencies**

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



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

**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.

The county's contribution for FY 2018 was \$386,853, FY 2019 was \$419,355, and FY 2019 was \$519,969.

Nonhazardous

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

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

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

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

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:

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

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

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

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.

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

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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.

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**

For the year ended June 30, 2020, the Livingston 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.

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

**Note 8. Insurance**

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

**Note 9. Payroll Revolving Account**

The change in the payroll revolving account balance of \$29,493 as of June 30, 2020, was added to the general fund cash balance for financial reporting purposes.

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

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,080,500	\$ 1,113,677	\$ 1,484,323	\$ 370,646
In Lieu Tax Payments	408,000	464,493	465,706	1,213
Excess Fees	19,950	21,958	17,421	(4,537)
Licenses and Permits	21,300	21,300	20,183	(1,117)
Intergovernmental	139,200	139,250	375,700	236,450
Charges for Services	15,350	15,350	14,282	(1,068)
Miscellaneous	5,750	90,278	92,578	2,300
Interest	18,500	18,500	17,986	(514)
Total Receipts	<u>1,708,550</u>	<u>1,884,806</u>	<u>2,488,179</u>	<u>603,373</u>
<b>DISBURSEMENTS</b>				
General Government	611,899	611,899	506,973	104,926
Protection to Persons and Property	16,700	16,700	36,212	(19,512)
General Health and Sanitation	16,500	16,500	4,924	11,576
Social Services	7,500	7,500	8,932	(1,432)
Recreation and Culture	12,000	12,000	6,998	5,002
Debt Service	132,407	132,407	386,301	(253,894)
Administration	747,252	986,047	556,265	429,782
Total Disbursements	<u>1,544,258</u>	<u>1,783,053</u>	<u>1,506,605</u>	<u>276,448</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>164,292</u>	<u>101,753</u>	<u>981,574</u>	<u>879,821</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(659,099)</u>	<u>(659,099)</u>	<u>(885,000)</u>	<u>(225,901)</u>
Total Other Adjustments to Cash (Uses)	<u>(659,099)</u>	<u>(659,099)</u>	<u>(885,000)</u>	<u>(225,901)</u>
Net Change in Fund Balance	(494,807)	(557,346)	96,574	653,920
Fund Balance - Beginning	<u>494,807</u>	<u>557,346</u>	<u>551,116</u>	<u>(6,230)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 647,690</u>	<u>\$ 647,690</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,488,339	\$ 1,576,691	\$ 1,491,592	\$ (85,099)
Charges for Services		1,370	1,370	
Miscellaneous		3,956	4,110	154
Interest	11,000	11,000	10,198	(802)
Total Receipts	<u>1,499,339</u>	<u>1,593,017</u>	<u>1,507,270</u>	<u>(85,747)</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	21,150	21,150	16,319	4,831
Roads	1,137,360	1,137,360	1,105,878	31,482
Administration	749,893	843,571	368,165	475,406
Total Disbursements	<u>1,908,403</u>	<u>2,002,081</u>	<u>1,490,362</u>	<u>511,719</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(409,064)</u>	<u>(409,064)</u>	<u>16,908</u>	<u>425,972</u>
Net Change in Fund Balance	(409,064)	(409,064)	16,908	425,972
Fund Balance - Beginning	<u>409,064</u>	<u>409,064</u>	<u>401,350</u>	<u>(7,714)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 418,258</u>	<u>\$ 418,258</u>



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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 91,700	\$ 91,700	\$ 82,490	\$ (9,210)
Miscellaneous	1,000	1,050	50	(1,000)
Total Receipts	<u>92,700</u>	<u>92,750</u>	<u>82,540</u>	<u>(10,210)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	247,435	247,435	317,612	(70,177)
Administration	41,781	41,831	39,867	1,964
Total Disbursements	<u>289,216</u>	<u>289,266</u>	<u>357,479</u>	<u>(68,213)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(196,516)</u>	<u>(196,516)</u>	<u>(274,939)</u>	<u>(78,423)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	171,516	171,516	270,000	98,484
Total Other Adjustments to Cash (Uses)	<u>171,516</u>	<u>171,516</u>	<u>270,000</u>	<u>98,484</u>
Net Change in Fund Balance	(25,000)	(25,000)	(4,939)	20,061
Fund Balance - Beginning	<u>25,000</u>	<u>25,000</u>	<u>9,433</u>	<u>(15,567)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,494</u>	<u>\$ 4,494</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 30,000	\$ 42,264	\$ 61,846	\$ 19,582
Intergovernmental	523,110	739,343	737,019	(2,324)
Charges for Services	2,000	2,000	1,195	(805)
Miscellaneous	11,500	11,500	3,769	(7,731)
Interest	16,300	16,300	14,888	(1,412)
Total Receipts	<u>582,910</u>	<u>811,407</u>	<u>818,717</u>	<u>7,310</u>
<b>DISBURSEMENTS</b>				
General Government	151,192	151,192	136,063	15,129
Protection to Persons and Property	9,500	9,500	12,470	(2,970)
General Health and Sanitation	178,700	178,700	201,306	(22,606)
Social Services	40,500	40,500	19,698	20,802
Recreation and Culture	134,800	134,800	89,763	45,037
Roads	250,000	250,000	161,854	88,146
Debt Service	132,407	132,407	132,406	1
Administration	181,508	589,777	25,025	564,752
Total Disbursements	<u>1,078,607</u>	<u>1,486,876</u>	<u>778,585</u>	<u>708,291</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(495,697)</u>	<u>(675,469)</u>	<u>40,132</u>	<u>715,601</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(200,000)</u>	<u>(200,000)</u>	<u></u>	<u>200,000</u>
Total Other Adjustments to Cash (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u></u>	<u>200,000</u>
Net Change in Fund Balance	(695,697)	(875,469)	40,132	915,601
Fund Balance - Beginning	<u>695,697</u>	<u>875,469</u>	<u>875,469</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 915,601</u>	<u>\$ 915,601</u>

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

**SHERIFF DEPARTMENT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	<b>RECEIPTS</b>			
Intergovernmental	\$	\$ 262,475	\$ 266,419	\$ 3,944
Miscellaneous	243,431	262,385	313,147	50,762
Total Receipts	<u>243,431</u>	<u>524,860</u>	<u>579,566</u>	<u>54,706</u>
<b>DISBURSEMENTS</b>				
General Government	488,266	488,266	851,532	(363,266)
Administration	132,863	415,272	142,764	272,508
Total Disbursements	<u>621,129</u>	<u>903,538</u>	<u>994,296</u>	<u>(90,758)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(377,698)</u>	<u>(378,678)</u>	<u>(414,730)</u>	<u>(36,052)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	361,222	361,222	640,163	278,941
Transfers To Other Funds	<u>          </u>	<u>          </u>	<u>(230,158)</u>	<u>(230,158)</u>
Total Other Adjustments to Cash (Uses)	<u>361,222</u>	<u>361,222</u>	<u>410,005</u>	<u>48,783</u>
Net Change in Fund Balance	(16,476)	(17,456)	(4,725)	12,731
Fund Balance - Beginning	<u>16,476</u>	<u>17,456</u>	<u>17,456</u>	<u>          </u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,731</u>	<u>\$ 12,731</u>

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

	<b>OCCUPATIONAL TAX FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,180,000	\$ 1,180,000	\$ 1,161,150	\$ (18,850)
Intergovernmental		225,148	248,411	23,263
Interest	5,250	10,707	14,508	3,801
Total Receipts	<u>1,185,250</u>	<u>1,415,855</u>	<u>1,424,069</u>	<u>8,214</u>
<b>DISBURSEMENTS</b>				
General Government	84,229	84,229	107,996	(23,767)
Protection to Persons and Property	800,000	800,000	919,314	(119,314)
General Health and Sanitation			7,448	(7,448)
Roads	500,000	500,000	198,881	301,119
Debt Service			96,510	(96,510)
Administration	573,142	861,571		861,571
Total Disbursements	<u>1,957,371</u>	<u>2,245,800</u>	<u>1,330,149</u>	<u>915,651</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(772,121)</u>	<u>(829,945)</u>	<u>93,920</u>	<u>923,865</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds			114,702	114,702
Transfers To Other Funds			(120,000)	(120,000)
Total Other Adjustments to Cash (Uses)			<u>(5,298)</u>	<u>(5,298)</u>
Net Change in Fund Balance	(772,121)	(829,945)	88,622	918,567
Fund Balance - Beginning	<u>772,121</u>	<u>829,945</u>	<u>829,945</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 918,567</u>	<u>\$ 918,567</u>

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

	<b>911 FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 135,000	\$ 135,252	\$ 163,744	\$ 28,492
Charges for Services	150	150	20	(130)
Total Receipts	<u>135,150</u>	<u>135,402</u>	<u>163,764</u>	<u>28,362</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	348,412	348,412	339,375	9,037
Administration	141,851	142,103	155,385	(13,282)
Total Disbursements	<u>490,263</u>	<u>490,515</u>	<u>494,760</u>	<u>(4,245)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(355,113)</u>	<u>(355,113)</u>	<u>(330,996)</u>	<u>24,117</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	326,361	326,361	325,000	(1,361)
Total Other Adjustments to Cash (Uses)	<u>326,361</u>	<u>326,361</u>	<u>325,000</u>	<u>(1,361)</u>
Net Change in Fund Balance	(28,752)	(28,752)	(5,996)	22,756
Fund Balance - Beginning	<u>28,752</u>	<u>28,752</u>	<u>12,748</u>	<u>(16,004)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,752</u>	<u>\$ 6,752</u>

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

<b>KENTUCKY LAND GRANT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$	\$ 25,000	\$ 25,000	\$
Total Receipts		25,000	25,000	
<b>DISBURSEMENTS</b>				
Capital Projects	84,765	109,765		109,765
Total Disbursements	84,765	109,765		109,765
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(84,765)	(84,765)	25,000	109,765
Net Change in Fund Balance	(84,765)	(84,765)	25,000	109,765
Fund Balance - Beginning	84,765	84,765	84,765	
Fund Balance - Ending	\$ 0	\$ 0	\$ 109,765	\$ 109,765

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

	<b>TOURISM FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 25,000	\$ 25,000	\$ 27,485	\$ 2,485
Intergovernmental		2,022	2,022	
Interest	738	738	816	78
Total Receipts	<u>25,738</u>	<u>27,760</u>	<u>30,323</u>	<u>2,563</u>
<b>DISBURSEMENTS</b>				
General Government	73,676	73,676	13,499	60,177
Administration		2,022		2,022
Total Disbursements	<u>73,676</u>	<u>75,698</u>	<u>13,499</u>	<u>62,199</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(47,938)</u>	<u>(47,938)</u>	<u>16,824</u>	<u>64,762</u>
Net Change in Fund Balance	(47,938)	(47,938)	16,824	64,762
Fund Balance - Beginning	<u>47,938</u>	<u>47,938</u>	<u>46,524</u>	<u>(1,414)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 63,348</u>	<u>\$ 63,348</u>

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

	<b>JUDICIAL CENTER FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 230,000	\$ 250,502	\$ 247,987	\$ (2,515)
Total Receipts	<u>230,000</u>	<u>250,502</u>	<u>247,987</u>	<u>(2,515)</u>
<b>DISBURSEMENTS</b>				
General Government	228,668	228,668	213,834	14,834
Administration	63,818	84,320	52,805	31,515
Total Disbursements	<u>292,486</u>	<u>312,988</u>	<u>266,639</u>	<u>46,349</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(62,486)</u>	<u>(62,486)</u>	<u>(18,652)</u>	<u>43,834</u>
Net Change in Fund Balance	(62,486)	(62,486)	(18,652)	43,834
Fund Balance - Beginning	62,486	62,486	61,900	(586)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 43,248</u>	<u>\$ 43,248</u>



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

	<b>SPECIAL RESERVE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 11,200	\$ 11,200	\$ 10,582	\$ (618)
Total Receipts	<u>11,200</u>	<u>11,200</u>	<u>10,582</u>	<u>(618)</u>
<b>DISBURSEMENTS</b>				
Administration	756,110	756,156		756,156
Total Disbursements	<u>756,110</u>	<u>756,156</u>		<u>756,156</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(744,910)</u>	<u>(744,956)</u>	<u>10,582</u>	<u>755,538</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			230,158	230,158
Transfers To Other Funds			(230,163)	(230,163)
Total Other Adjustments to Cash (Uses)			<u>(5)</u>	<u>(5)</u>
Net Change in Fund Balance	(744,910)	(744,956)	10,577	755,533
Fund Balance - Beginning	<u>744,910</u>	<u>744,956</u>	<u>744,956</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 755,533</u>	<u>\$ 755,533</u>

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

**June 30, 2020**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Reconciliation of the General Fund**

Total Other Adjustments to Cash (Uses) - Budgetary Basis	\$	(885,000)
To adjust for Payroll Revolving Account		29,493
 Total Other Adjustments to Cash (Uses) - Regulatory Basis	 \$	 (855,507)
 Fund Balance - Ending - Budgetary Basis	 \$	 647,690
To adjust for Payroll Revolving Account		29,493
 Total Fund Balance - Ending - Regulatory Basis	 \$	 677,183

**Note 3. Excess of Disbursements Over Appropriations**

The Livingston County Fiscal Court Exceeded budgeted appropriations in the following funds and categories:

	General Fund	Jail Fund	Local Government Economic Assistance Fund	Sheriff Department Fund	Occupational Tax Fund	911 Fund
General Government				(363,266)	(23,767)	
Protection to Persons and Property	(19,512)	(70,177)	(2,970)		(119,314)	
General Health and Sanitation			(22,606)		(7,448)	
Social Services	(1,432)					
Debt Service	(253,894)				(96,510)	
Administration						(13,282)

Additionally, the following fund budgets were overspent in total: jail fund by \$68,213, sheriff department fund by \$90,758, and the 911 fund by \$4,245.

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

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

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

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 3,880,674	\$	\$	\$ 3,880,674
Buildings and Improvements	15,542,266			15,542,266
Machinery and Equipment	3,255,445			3,255,445
Vehicles	2,385,698	276,541		2,662,239
Infrastructure	9,721,682	424,030		10,145,712
Total Capital Assets	<u>\$ 34,785,765</u>	<u>\$ 700,571</u>	<u>\$</u>	<u>\$ 35,486,336</u>

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

**June 30, 2020**

**Note 1. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land	\$ 12,500	10-60
Land Improvements	\$ 7,500	10-60
Buildings and Improvements	\$ 7,500	10-75
Machinery and Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 10,000	10-50

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

THIS PAGE LEFT BLANK INTENTIONALLY





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

The Honorable Garrett Gruber, Livingston County Judge/Executive  
Members of the Livingston 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 Livingston County Fiscal Court for the fiscal year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Livingston County Fiscal Court's financial statement and have issued our report thereon dated February 19, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Livingston 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 Livingston County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Livingston 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 certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2020-001, 2020-002, 2020-003, and 2020-004 to be material weaknesses.



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

**Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2020-005 to be a significant deficiency.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Livingston 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2020-001, 2020-002, and 2020-003.

**Views of Responsible Officials and Planned Corrective Action**

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

**Purpose of this Report**

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

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

February 19, 2021

**LIVINGSTON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

THIS PAGE LEFT BLANK INTENTIONALLY

**LIVINGSTON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

FINANCIAL STATEMENT FINDINGS:

2020-001 Cash Transfers Were Not Properly Approved Prior To Transfer

---

This is a repeat finding and was included in the prior year audit report as finding 2019-002. Cash transfers totaling \$1,155,163 were approved after funds had been spent. Cash transfers were made each month by the treasurer and then approved at the following month's fiscal court meeting.

The treasurer maintains all budgeted funds in one checking account. The treasurer does not book the cash transfers until after the checking account is reconciled at the end of each month. Because cash transfers occurred before being presented to the fiscal court, the county's funds were at an increased risk of being misappropriated.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. According to the *County Budget Preparation and State Local Finance Officer Policy Manual*, all transfers require a court order. Thus, court orders are to be obtained prior to cash transfers being made. Additionally, strong internal controls dictate that fiscal court oversee the movement of funds in order to decrease the risk of misappropriation. It is also the responsibility of the fiscal court to make financial decisions, such as transferring cash between funds.

We recommend that all cash transfers be presented to, and approved by, the Livingston County Fiscal Court before the transactions occur.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: This will be corrected.*

2020-002 The Livingston County Fiscal Court Overspent The Jail, Sheriff Department, And 911 Fund Budgets

---

The Livingston County Fiscal Court approved an original budget in the amount of \$9,096,284. Later, the fiscal court approved two budget amendments and transfers totaling \$1,359,611 thereby making the total available budget \$10,455,895. However, the total available budget was reported on the fourth quarter financial statement as being \$10,952,684.

According to the county treasurer, this condition is the result of a clerical error in which the amount of the first budget amendment was inadvertently included on the financial statement twice. This condition resulted in the Livingston County Fiscal Court overspending the budgets for the jail fund by \$68,213, sheriff department fund by \$90,578, and the 911 fund by \$4,245. Additionally, line-items were overspent in the general fund, LGEA fund, and occupational tax fund. Because the fiscal court overspent its approved budget, it is not in compliance with KRS 68.300.

Strong internal controls dictate that the total available budget reported on the fourth quarter financial statement agree with the original budget and any budget amendments approved by fiscal court to ensure that those monitoring the budget know exactly how much is available when making purchases.

Furthermore, KRS 68.300 states "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within budget appropriation, shall be void. No member of the fiscal court shall vote for any such illegal appropriation or claim. The county treasurer shall be liable on his official bond for the amount of any county warrant willfully or negligently signed or countersigned by him in excess of the budget fund out of which the warrant is payable."

**LIVINGSTON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-002 The Livingston County Fiscal Court Overspent The Jail, Sheriff Department, And 911 Fund Budgets (Continued)

---

We recommend the Livingston County Fiscal Court strengthen internal controls to ensure that the approved budgeted amounts agree with the fourth quarter financial statement. We further recommend the fiscal court monitor its budget closely and approve additional budget amendments as necessary to ensure compliance with KRS 68.300.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: This has been corrected.*

2020-003 The Livingston County Fiscal Court Lacks Adequate Internal Controls Over Debt Reporting

---

This is a repeat finding and was included in the prior year audit report as finding 2019-004. The Livingston County principal debt balance was \$8,896,201 on the liabilities section of the June 30, 2020 quarterly financial statement. However, the confirmed ending principal balance of the Livingston County Fiscal Court debt was \$10,868,201.

According to the county treasurer, this occurred due to a clerical error that was not caught. As a result, the liabilities section of the quarterly financial statement was materially understated by \$1,972,000.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial records be maintained, which includes the schedule of liabilities. In addition, good internal controls require accurate information be presented in order for the fiscal court to make informed financial decisions, such as budget preparation or making large purchases.

We recommend the fiscal court review debt schedules and the debt liabilities section of the quarterly financial statements to ensure that accurate outstanding principle and interest is reported.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: This will be corrected.*

2020-004 The Livingston County Fiscal Court Lacks Adequate Internal Controls Over Purchase Orders

---

The Livingston County Fiscal Court's purchase order system does not work as designed. Throughout the fiscal year, rather than properly issuing purchase orders prior to purchases being made, the county created several purchase orders after the expenses had already been incurred and the invoices had been received. Out of 63 disbursements tested, 17 purchase orders totaling \$271,110 were created after expenses had already been incurred.

This condition is a result of management's lack of understanding of a properly executed purchase order system. Because purchase orders were issued after expenses were incurred, the risk of overspending budgeted line-items, as well as the risk of misappropriation, is increased.

**LIVINGSTON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-004 The Livingston County Fiscal Court Lacks Adequate Internal Controls Over Purchase Orders (Continued)

---

Strong internal controls dictate that purchase orders be issued prior to purchases being made to ensure that purchases do not exceed the available line-item appropriation unless the necessary and appropriate transfers have been made.

We recommend the Livingston County Fiscal Court strengthen internal controls over disbursements by requiring purchase orders be approved and issued prior to purchases being made.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Better efforts will be made to issue PO's before purchases are made when possible.*

2020-005 The Livingston County Fiscal Court Lacks Proper Oversight Of The Payroll Revolving Account

---

This is a repeat finding and was included in the prior year audit report as finding 2019-003. As of June 30, 2020, the payroll revolving account had a reconciled balance of \$16,856. Incorrect amounts were transferred from the operating funds to the payroll revolving account.

There were no internal controls verifying payments to and from the payroll account, as well as, no review of the payroll account activity to verify transactions were properly handled and recorded. Additionally, since the payroll account was not reconciled to a zero balance, individual operating fund disbursements and ending balances were misstated on the fourth quarter financial statement.

Good internal controls over the payroll account require oversight by fiscal court to protect employees while performing duties and to protect county assets against misappropriation. The payroll account is a revolving account and should reconcile to zero.

We recommend the fiscal court implement strong internal controls over the payroll revolving account. These controls should include having someone independent of the payroll function verify proper amounts are transferred to the payroll revolving account from the corresponding operating funds. These controls should also include verifying that withholdings amounts and county contributions are handled properly, paid over to the proper authorities in a timely manner, and verifying that any accumulated balance is properly allocated and reflected on the county's financial statement.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: This has been corrected.*

THIS PAGE LEFT BLANK INTENTIONALLY



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

**LIVINGSTON COUNTY FISCAL COURT**

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

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
COUNTY FISCAL COURT

For The Year Ended June 30, 2020

The Livingston 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