

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

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



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

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

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
MARION COUNTY OFFICIALS	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT.....	10
BUDGETARY COMPARISON SCHEDULES.....	25
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	33
SCHEDULE OF CAPITAL ASSETS.....	37
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	38
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>	41
SCHEDULE OF FINDINGS AND RESPONSES	45
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	
APPENDIX B: COMMISSARY (INMATE TRUST FUND) ADJUSTMENTS TO PROTOCOL MADE APRIL 24, 2020 – INFORMATION PROVIDED BY THE JAILER	

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 David R. Daugherty, Marion County Judge/Executive
Members of the Marion 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 Marion County Fiscal Court, for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Marion 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 David R. Daugherty, Marion County Judge/Executive
Members of the Marion 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 Marion 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 Marion 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 Marion 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 Marion 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 David R. Daugherty, Marion County Judge/Executive
Members of the Marion County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2020, on our consideration of the Marion 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 Marion 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:

- 2019-001 The Marion County Fiscal Court Did Not Follow Proper Procurement Procedures For Purchases Over \$20,000
- 2019-002 The Marion County Jail Commissary Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations
- 2019-003 The Marion County Jail Commissary Did Not Deposit Receipts Daily
- 2019-004 The Marion County Jail Inmate Fund And Bond Fund Bank Reconciliations Were Not Prepared Timely Or Accurately

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

May 7, 2020

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

David R. Daugherty	County Judge/Executive
Larry V. Caldwell	Magistrate
Judy T. Blackwell	Magistrate
John R. Fogle	Magistrate
Craig A. Bishop	Magistrate
Joseph P. Kirkland	Magistrate

Other Elected Officials:

Lisa Nally-Martin	County Attorney
Barry Brady	Jailer
Chad G. Mattingly	County Clerk
Kim May	Circuit Court Clerk
Jimmy Clements	Sheriff
Terry Rakes	Property Valuation Administrator
Robert A. Mattingly	Coroner

Appointed Personnel:

Kevin Cochran	County Treasurer
Melissa Gibson	Finance Officer

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

For The Year Ended June 30, 2019

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

For The Year Ended June 30, 2019

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 5,247,946	\$	\$
Excess Fees	147,071		
Licenses and Permits	4,025		
Intergovernmental	541,707	1,645,508	3,650,851
Charges for Services	1,681,444		3,816
Miscellaneous	408,126	28,823	184,090
Interest	6,670	123	195
Total Receipts	<u>8,036,989</u>	<u>1,674,454</u>	<u>3,838,952</u>
DISBURSEMENTS			
General Government	1,566,040		
Protection to Persons and Property	459,408		3,418,984
General Health and Sanitation	1,726,084		
Social Services	180,793		
Recreation and Culture	47,403		
Roads	15,004	1,994,410	
Debt Service	407,766		12,375
Capital Projects	56,497		
Administration	1,764,838	163,841	1,091,280
Total Disbursements	<u>6,223,833</u>	<u>2,158,251</u>	<u>4,522,639</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,813,156</u>	<u>(483,797)</u>	<u>(683,687)</u>
Other Adjustments to Cash (Uses)			
Payroll Revolving Account	101,914		
Transfers From Other Funds		340,000	740,000
Transfers To Other Funds	(1,710,000)		
Total Other Adjustments to Cash (Uses)	<u>(1,608,086)</u>	<u>340,000</u>	<u>740,000</u>
Net Change in Fund Balance	205,070	(143,797)	56,313
Fund Balance - Beginning (Restated)	<u>3,590,373</u>	<u>176,799</u>	<u>28,346</u>
Fund Balance - Ending	<u>\$ 3,795,443</u>	<u>\$ 33,002</u>	<u>\$ 84,659</u>
Composition of Fund Balance			
Bank Balance	\$ 3,719,690	\$ 33,131	\$ 255,791
Payroll Revolving Account Reconciled Balance	101,914		
Plus: Deposits In Transit	223		
Less: Outstanding Checks	(26,384)	(129)	(171,132)
Fund Balance - Ending	<u>\$ 3,795,443</u>	<u>\$ 33,002</u>	<u>\$ 84,659</u>

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

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

Budgeted Funds				
Local Government Economic Assistance Fund	National Scenic By-Way Fund	Emergency Medical Services Fund	Rescue Squad Fund	Homeland Security Fund
\$	\$	\$	\$	\$
46,650	1	10,000		
		692,980		
		19,471		1
74		136	20	
<u>46,724</u>	<u>1</u>	<u>722,587</u>	<u>20</u>	<u>1</u>
460		1,023,763		
		311,759		
<u>460</u>		<u>1,335,522</u>		
46,264	1	(612,935)	20	1
		630,000		
		<u>630,000</u>		
46,264	1	17,065	20	1
<u>50,754</u>	<u>16,033</u>	<u>44,722</u>	<u>19,828</u>	<u>136</u>
<u>\$ 97,018</u>	<u>\$ 16,034</u>	<u>\$ 61,787</u>	<u>\$ 19,848</u>	<u>\$ 137</u>
\$ 97,075	\$ 16,034	\$ 63,994	\$ 19,848	\$ 137
(57)		(2,207)		
<u>\$ 97,018</u>	<u>\$ 16,034</u>	<u>\$ 61,787</u>	<u>\$ 19,848</u>	<u>\$ 137</u>

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

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

	<u>Unbudgeted Funds</u>		
	<u>Public Properties Corporation Construction Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS			
Taxes	\$	\$	\$ 5,247,946
Excess Fees			147,071
Licenses and Permits			4,025
Intergovernmental	841,544		6,736,261
Charges for Services			2,378,240
Miscellaneous		109,077	749,588
Interest	595		7,813
Total Receipts	<u>842,139</u>	<u>109,077</u>	<u>15,270,944</u>
DISBURSEMENTS			
General Government			1,566,040
Protection to Persons and Property			4,902,615
General Health and Sanitation			1,726,084
Social Services			180,793
Recreation and Culture		96,585	143,988
Roads			2,009,414
Debt Service	839,344		1,259,485
Capital Projects			56,497
Administration	2		3,331,720
Total Disbursements	<u>839,346</u>	<u>96,585</u>	<u>15,176,636</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,793</u>	<u>12,492</u>	<u>94,308</u>
Other Adjustments to Cash (Uses)			
Payroll Revolving Account			101,914
Transfers From Other Funds			1,710,000
Transfers To Other Funds			(1,710,000)
Total Other Adjustments to Cash (Uses)			<u>101,914</u>
Net Change in Fund Balance	2,793	12,492	196,222
Fund Balance - Beginning (Restated)	<u>31,424</u>	<u>12,982</u>	<u>3,971,397</u>
Fund Balance - Ending	<u>\$ 34,217</u>	<u>\$ 25,474</u>	<u>\$ 4,167,619</u>
Composition of Fund Balance			
Bank Balance	\$ 34,217	\$ 26,531	\$ 4,266,448
Payroll Revolving Account Reconciled Balance			101,914
Plus: Deposits In Transit			223
Less: Outstanding Checks		(1,057)	(200,966)
Fund Balance - Ending	<u>\$ 34,217</u>	<u>\$ 25,474</u>	<u>\$ 4,167,619</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.	AGENCY TRUST FUNDS	13
NOTE 5.	LONG-TERM DEBT	14
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM	18
NOTE 7.	DEFERRED COMPENSATION.....	20
NOTE 8.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT	21
NOTE 9.	INSURANCE.....	21
NOTE 10.	SUBSEQUENT EVENTS	21
NOTE 11.	RELATED PARTY TRANSACTIONS.....	21
NOTE 12.	PAYROLL REVOLVING ACCOUNT	21
NOTE 13.	CONDUIT DEBT.....	22
NOTE 14.	TAX ABATEMENTS	22
NOTE 15.	PRIOR PERIOD ADJUSTMENTS	22

**MARION COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

MARION 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)

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.

National Scenic By-Way Fund - The primary purpose of this fund is to account for grant funds and related expenditures as they relate to the national scenic by-way project. The primary sources of receipts for this fund are grants from the state and matching contributions from the various counties this by-way runs through.

Emergency Medical Services Fund - The primary purpose of this fund is to account for the emergency medical services expenses of the county. The primary source of receipts is charges for services provided.

Rescue Squad Fund - The primary purpose of this fund is to provide additional funding for equipment related to the rescue squad. The primary source of receipts is donations.

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

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

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

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

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

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

E. Marion County Elected Officials

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

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

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2019, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

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

	General Fund
Road Fund	\$ 340,000
Jail Fund	740,000
Emergency Medical Services Fund	630,000
Total Transfers Out	<u>\$ 1,710,000</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. Agency Trust Funds

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

The fiscal court has the following agency trust funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2019, was \$23,849.

Inmate Bond Fund - This fund accounts for bond monies held for custodial purposes only until remitted to the proper agencies or individuals. The balance in the inmate bond fund as of June 30, 2019, was \$1,102.

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

Note 5. Long-term Debt

A. Direct Borrowings

1. Marion County Administration Building

On December 16, 2003, the Marion County Public Properties Corporation entered into a contract, lease, and option in the amount of \$3,500,000 with Farmers National Bank for the purpose of funding the construction of the Marion County administration building. The corporation entered into a supplemental lease agreement with the county whereby the county leases the property until November 1, 2023, for an amount equivalent to the lease payments. The interest rate is variable and is calculated based on the outstanding principal balance. Payments are made quarterly. The date of the final maturity of the obligation is November 1, 2023. In the event of default, the lease agreement may be terminated by the corporation or financial institution and all payments for which the county has become committed shall come due and payable. As of June 30, 2019, the outstanding principal balance was \$1,071,105. Principal payment requirements for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal
2020	\$ 225,170
2021	232,610
2022	240,050
2023	247,275
2024	<u>126,000</u>
Totals	<u>\$ 1,071,105</u>

2. Marion County Administration Building

On August 20, 2004, the Marion County Public Properties Corporation entered into a contract, lease, and option in the amount of \$1,000,000 with Farmers National Bank for the purpose of funding the construction of the Marion County Administration Building. The corporation entered into a supplemental lease agreement with the county whereby the county leases the property until November 1, 2023, for an amount equivalent to the lease payments. The interest rate is variable and is calculated based on the outstanding principal balance. Payments are made quarterly. The date of the final maturity of the obligation is November 1, 2023. In the event of default, the lease agreement may be terminated by the corporation or financial institution and all payments for which the county has become committed shall come due and payable. As of June 30, 2019, the outstanding principal balance was \$306,260. Principal payment requirements for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal
2020	\$ 64,400
2021	66,500
2022	68,600
2023	70,760
2024	<u>36,000</u>
Total	<u>\$ 306,260</u>

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

Note 5. Long-term Debt (Continued)

A. Direct Borrowings (Continued)

3. City of Bradfordsville Fire Department Fire Truck

On May 21, 2014, the Marion County Fiscal Court entered into a promissory note in the amount of \$179,975 with Peoples Bank for the purpose of funding the purchase of a fire truck for the City of Bradfordsville's Fire Department at an interest rate of 4.0 percent. Payments are made monthly. The date of the final maturity of the obligation is January 21, 2028. The loan is unsecured. In the event of default, the interest rate on this note shall be increased by 3 percentage points. As of June 30, 2019, the outstanding principal balance was \$119,624. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal	Interest
2020	\$ 11,377	\$ 4,662
2021	11,860	4,180
2022	12,350	3,690
2023	12,860	3,180
2024	13,384	2,655
2025-2028	<u>57,793</u>	<u>4,828</u>
	<u>\$ 119,624</u>	<u>\$ 23,195</u>

4. Central Kentucky Community Action Building

On May 5, 2008, the Marion County Public Properties Corporation entered into a contract, lease, and option in the amount of \$495,000 with Kentucky Association of Counties for the purpose of funding the purchase of an office building by Central Kentucky Community Action Council, Inc. at an interest rate of 4.501 percent. Payments are made monthly. The date of the final maturity of the obligation is April 20, 2028. As of June 30, 2019, the outstanding principal balance was \$271,997. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal	Interest
2020	\$ 25,793	\$ 11,778
2021	26,944	10,640
2022	28,147	9,432
2023	29,404	8,166
2024	30,716	6,841
2025-2029	<u>130,993</u>	<u>12,956</u>
	<u>\$ 271,997</u>	<u>\$ 59,813</u>

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

Note 5. Long-term Debt (Continued)

A. Direct Borrowings (Continued)

5. Lebanon Fire Truck

On November 5, 2007, the Marion County Public Properties Corporation entered into a contract, lease, and option in the amount of \$189,000 with Kentucky Association of Counties for the purpose of funding the purchase of a fire truck by the Lebanon Fire Department at an interest rate of 4.338 percent. Payments are made monthly. The date of the final maturity of the obligation is July 20, 2022. As of June 30, 2019, the outstanding principal balance was \$64,000. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal	Interest
2020	\$ 15,000	\$ 2,359
2021	15,000	1,734
2022	20,000	924
2023	14,000	72
	<u>\$ 64,000</u>	<u>\$ 5,089</u>

6. Marion County Detention Center Retractable Roof

On November 24, 2010, the Marion County Fiscal Court entered into a contract, lease, and option in the amount of \$110,000 with Kentucky Association for Counties for the purpose of funding the purchase of a retractable roof at the Marion County Detention Center at a variable rate of interest with monthly payments. The date of the final maturity of the obligation is November 20, 2020. As of June 30, 2019, the outstanding principal balance was \$15,583. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

Fiscal Year Ended June 30	Principal	Interest
2020	\$ 11,000	\$ 675
2021	4,583	73
	<u>\$ 15,583</u>	<u>\$ 748</u>

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

Note 5. Long-term Debt (Continued)

B. Other Debt

1. First Mortgage Revenue Bonds, Series 2009

On February 1, 2009, the Marion County Public Properties Corporation issued Revenue Bonds, Series 2009 in the amount of \$11,335,000 for the purpose of retiring the Revenue Bond Anticipation Notes Series 2007 and fund the construction of the Marion County Court Building at a variable interest rate. Simultaneously with the issuance of the bonds, the corporation entered into a lease agreement with the Administrative Office of the Courts for rental payments sufficient to pay 100 percent of the debt service cost of the bonds. Payments are made semi-annually. The date of the final maturity of the obligation is March 1, 2022. As of June 30, 2019, the outstanding principal balance was \$1,785,000. Principal payment requirements and scheduled interest for the remaining term of the notes are as follows:

Fiscal Year Ended June 30	Principal	Interest
2020	\$ 570,000	\$ 73,694
2021	595,000	50,894
2022	620,000	26,350
	<u>\$ 1,785,000</u>	<u>\$ 150,938</u>

2. First Mortgage Revenue Bonds, Series 2015

On November 5, 2015, the Marion County Public Properties Corporation issued Revenue Bonds, Series 2015 in the amount of \$5,760,000 for the purpose of partially refunding the First Mortgage Revenue Bond Series 2009. Simultaneously with the issuance of the bonds, the corporation entered into a lease agreement with the Administrative Office of the Courts for rental payments sufficient to pay 100 percent of the debt service cost of the bonds. Payments are made semi-annually. The date of the final maturity of the obligation is March 1, 2029. As of June 30, 2019, the outstanding principal balance was \$5,740,000. Principal payment requirements and scheduled interest for the remaining term of the notes are as follows:

Fiscal Year Ended June 30	Principal	Interest
2020	\$ 70,000	\$ 173,250
2021	70,000	171,850
2022	75,000	168,250
2023	725,000	166,750
2024	740,000	145,000
2025-2029	4,060,000	376,450
	<u>\$ 5,740,000</u>	<u>\$ 1,201,550</u>

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

Note 5. Long-term Debt (Continued)

C. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings	\$ 2,189,935	\$	\$ 341,366	\$ 1,848,569	\$ 352,740
Revenue Bonds	8,095,000		570,000	7,525,000	640,000
Total Long-term Debt	<u>\$ 10,284,935</u>	<u>\$ 0</u>	<u>\$ 911,366</u>	<u>\$ 9,373,569</u>	<u>\$ 992,740</u>

The beginning balance increased by \$2,627 over prior year due to the principal balance fluctuates each year based on when payments are made.

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 2017 was \$744,616, FY 2018 was \$786,556, and FY 2019 was \$872,060.

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.

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

Note 6. Employee Retirement System (Continued)

Nonhazardous (Continued)

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%

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.

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

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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.

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

On February 24, 2000, the Marion 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.

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

Note 7. Deferred Compensation (Continued)

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 40601-8862, or by telephone at (502) 573-7925.

Note 8. Health Reimbursement Account/Flexible Spending Account

The Marion County Fiscal Court established a health reimbursement account on January 1, 2015, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$2,000 each year for a single plan and \$4,000 for all other upgraded plans to pay for qualified medical expenses. The available balance for this plan is \$416,545, as of June 30, 2019.

Note 9. Insurance

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

Note 10. Subsequent Events

In the fall of 2019, the Marion County Jail Commissary had a virus infect their computers. As a result, financial information kept on the computers was lost. The jailer contacted a local computer company which provided services to repair the computers and install safety precautions to prevent this from happening in the future.

Note 11. Related Party Transactions

One of the elected magistrates owns a local landscaping company that provides services to the Marion County Fiscal Court. The Marion County Fiscal Court paid a total of \$1,449 on products and services from this company during the year.

One of the elected magistrates is employed by a pest control company that provides services to the Marion County Fiscal Court. The Marion County Fiscal Court paid a total of \$3,281 on products and services from this company during the year. The magistrate does not perform the services to the county personally.

Note 12. 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.

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

Note 13. Conduit Debt

From time to time the county has issued industrial building revenue bonds to provide financial assistance to third parties that are not part of the issuer's financial reporting entity for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Marion County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement.

Note 14. Tax Abatements

A. Maker's Mark Distillery, Inc. 2012

The *Ad Valorem* tax was abated under the authority of KRS 103.285 and Resolution 2012-950.07 adopted by the county in July 2012. Maker's Mark Distillery, Inc. is eligible to receive this tax abatement as a result of its commitment to promote economic development and increase jobs pursuant to a Payment in Lieu of Taxes (PILOT) Agreement dated as of July 1, 2012. The taxes are abated by a percentage reduction of the amount of *Ad Valorem* taxes levied by the county. The PILOT Agreement terminates on the day immediately following the date no bonds issued by the county pursuant to applicable taxing authorities. Pursuant to KRS 103.230(2), the bonds do not represent an obligation of the county nor constitute a pledge of the full faith, credit, and taxing power of the county.

B. Maker's Mark Distillery, Inc. 2018

The *Ad Valorem* tax was abated under the authority of KRS 103.285 and adopted by the county in May 2018. Maker's Mark Distillery, Inc. is eligible to receive this tax abatement as a result of its commitment to promote economic development and increase jobs pursuant a Payment in Lieu of Taxes (PILOT) Agreement dated as of June 1, 2018. The taxes are abated by a percentage reduction of the amount of *Ad Valorem* taxes levied by the county. The PILOT Agreement terminates on the day immediately following the date no bonds issued by the county pursuant to applicable taxing authorities. Pursuant to KRS 103.230(2), the bonds do not represent an obligation of the county nor constitute a pledge of the full faith, credit, and taxing power of the county.

For fiscal year ended June 30, 2019, the county abated *Ad Valorem* tax only of \$187,192. As part of the PILOT Agreement, the county committed to abate only the *Ad Valorem* tax. No other county tax is abated.

Note 15. Prior Period Adjustments

	<u>General Fund</u>	<u>EMS Fund</u>
Fund Balance - Beginning	\$ 3,589,839	\$ 44,694
Prior Year Outstanding Checks Voided	<u>534</u>	<u>28</u>
Fund Balance - Beginning (Restated)	<u><u>\$ 3,590,373</u></u>	<u><u>\$ 44,722</u></u>

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

For The Year Ended June 30, 2019

THIS PAGE LEFT BLANK INTENTIONALLY

MARION 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	\$ 4,389,000	\$ 4,389,000	\$ 5,247,946	\$ 858,946
Excess Fees			147,071	147,071
Licenses and Permits	3,000	3,000	4,025	1,025
Intergovernmental	393,500	487,500	541,707	54,207
Charges for Services	1,465,000	1,465,000	1,681,444	216,444
Miscellaneous	153,700	153,700	408,126	254,426
Interest	3,000	3,000	6,670	3,670
Total Receipts	<u>6,407,200</u>	<u>6,501,200</u>	<u>8,036,989</u>	<u>1,535,789</u>
DISBURSEMENTS				
General Government	1,729,600	1,779,600	1,566,040	213,560
Protection to Persons and Property	450,600	518,600	459,408	59,192
General Health and Sanitation	1,639,600	1,852,100	1,726,084	126,016
Social Services	272,000	282,500	180,793	101,707
Recreation and Culture	55,000	55,000	47,403	7,597
Roads	25,000	25,000	15,004	9,996
Debt Service	411,000	411,000	407,766	3,234
Capital Projects	79,000	86,000	56,497	29,503
Administration	2,931,200	2,502,200	1,764,838	737,362
Total Disbursements	<u>7,593,000</u>	<u>7,512,000</u>	<u>6,223,833</u>	<u>1,288,167</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,185,800)</u>	<u>(1,010,800)</u>	<u>1,813,156</u>	<u>2,823,956</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(2,014,200)</u>	<u>(2,014,200)</u>	<u>(1,710,000)</u>	<u>304,200</u>
Total Other Adjustments to Cash (Uses)	<u>(2,014,200)</u>	<u>(2,014,200)</u>	<u>(1,710,000)</u>	<u>304,200</u>
Net Change in Fund Balance	(3,200,000)	(3,025,000)	103,156	3,128,156
Fund Balance - Beginning (Restated)	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,590,373</u>	<u>390,373</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 175,000</u>	<u>\$ 3,693,529</u>	<u>\$ 3,518,529</u>

MARION 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	\$ 1,473,000	\$ 1,626,300	\$ 1,645,508	\$ 19,208
Miscellaneous	10,000	10,000	28,823	18,823
Interest	200	200	123	(77)
Total Receipts	<u>1,483,200</u>	<u>1,636,500</u>	<u>1,674,454</u>	<u>37,954</u>
DISBURSEMENTS				
Roads	1,912,000	2,061,300	1,994,410	66,890
Administration	168,000	172,000	163,841	8,159
Total Disbursements	<u>2,080,000</u>	<u>2,233,300</u>	<u>2,158,251</u>	<u>75,049</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(596,800)</u>	<u>(596,800)</u>	<u>(483,797)</u>	<u>113,003</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>546,800</u>	<u>546,800</u>	<u>340,000</u>	<u>(206,800)</u>
Total Other Adjustments to Cash (Uses)	<u>546,800</u>	<u>546,800</u>	<u>340,000</u>	<u>(206,800)</u>
Net Change in Fund Balance	(50,000)	(50,000)	(143,797)	(93,797)
Fund Balance - Beginning	<u>50,000</u>	<u>50,000</u>	<u>176,799</u>	<u>126,799</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,002</u>	<u>\$ 33,002</u>

MARION 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	\$ 3,565,400	\$ 3,565,400	\$ 3,650,851	\$ 85,451
Charges for Services	6,000	6,000	3,816	(2,184)
Miscellaneous	173,000	173,000	184,090	11,090
Interest	200	200	195	(5)
Total Receipts	<u>3,744,600</u>	<u>3,744,600</u>	<u>3,838,952</u>	<u>94,352</u>
DISBURSEMENTS				
Protection to Persons and Property	3,380,500	3,546,700	3,418,984	127,716
Debt Service	12,400	12,900	12,375	525
Administration	1,120,100	1,128,400	1,091,280	37,120
Total Disbursements	<u>4,513,000</u>	<u>4,688,000</u>	<u>4,522,639</u>	<u>165,361</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(768,400)</u>	<u>(943,400)</u>	<u>(683,687)</u>	<u>259,713</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	698,400	698,400	740,000	41,600
Total Other Adjustments to Cash (Uses)	<u>698,400</u>	<u>698,400</u>	<u>740,000</u>	<u>41,600</u>
Net Change in Fund Balance	(70,000)	(245,000)	56,313	301,313
Fund Balance - Beginning	<u>70,000</u>	<u>70,000</u>	<u>28,346</u>	<u>(41,654)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (175,000)</u>	<u>\$ 84,659</u>	<u>\$ 259,659</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 44,900	\$ 44,900	\$ 46,650	\$ 1,750
Interest	100	100	74	(26)
Total Receipts	<u>45,000</u>	<u>45,000</u>	<u>46,724</u>	<u>1,724</u>
DISBURSEMENTS				
Protection to Persons and Property	30,000	31,000	460	30,540
Administration	65,000	64,000		64,000
Total Disbursements	<u>95,000</u>	<u>95,000</u>	<u>460</u>	<u>94,540</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>46,264</u>	<u>96,264</u>
Net Change in Fund Balance	(50,000)	(50,000)	46,264	96,264
Fund Balance - Beginning	<u>50,000</u>	<u>50,000</u>	<u>50,754</u>	<u>754</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 97,018</u>	<u>\$ 97,018</u>

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

NATIONAL SCENIC BY-WAY FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 84,000	\$ 84,000	\$ 1	\$ (83,999)
Total Receipts	84,000	84,000	1	(83,999)
DISBURSEMENTS				
Recreation and Culture	100,000	100,000		100,000
Total Disbursements	100,000	100,000		100,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(16,000)	(16,000)	1	16,001
Net Change in Fund Balance	(16,000)	(16,000)	1	16,001
Fund Balance - Beginning	16,000	16,000	16,033	33
Fund Balance - Ending	\$ 0	\$ 0	\$ 16,034	\$ 16,034

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

	EMERGENCY MEDICAL SERVICES FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	650,000	650,000	692,980	42,980
Miscellaneous	11,000	27,900	19,471	(8,429)
Interest			136	136
Total Receipts	<u>671,000</u>	<u>687,900</u>	<u>722,587</u>	<u>34,687</u>
DISBURSEMENTS				
Protection to Persons and Property	1,129,000	1,145,900	1,023,763	122,137
Administration	331,000	331,000	311,759	19,241
Total Disbursements	<u>1,460,000</u>	<u>1,476,900</u>	<u>1,335,522</u>	<u>141,378</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(789,000)</u>	<u>(789,000)</u>	<u>(612,935)</u>	<u>176,065</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	769,000	769,000	630,000	(139,000)
Total Other Adjustments to Cash (Uses)	<u>769,000</u>	<u>769,000</u>	<u>630,000</u>	<u>(139,000)</u>
Net Change in Fund Balance	(20,000)	(20,000)	17,065	37,065
Fund Balance - Beginning (Restated)	<u>20,000</u>	<u>20,000</u>	<u>44,722</u>	<u>24,722</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61,787</u>	<u>\$ 61,787</u>

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

RESCUE SQUAD FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 15	\$ 15	\$ 20	\$ 5
Total Receipts	15	15	20	5
DISBURSEMENTS				
Protection to Persons and Property	19,800	19,800		19,800
Total Disbursements	19,800	19,800		19,800
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(19,785)	(19,785)	20	19,805
Net Change in Fund Balance	(19,785)	(19,785)	20	19,805
Fund Balance - Beginning	19,785	19,785	19,828	43
Fund Balance - Ending	\$ 0	\$ 0	\$ 19,848	\$ 19,848

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

HOMELAND SECURITY GRANT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 55,000	\$	\$ (55,000)
Miscellaneous			1	1
Total Receipts		55,000	1	(54,999)
DISBURSEMENTS				
Protection to Persons and Property		55,000		55,000
Total Disbursements		55,000		55,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			1	1
Net Change in Fund Balance			1	1
Fund Balance - Beginning			136	136
Fund Balance - Ending	\$ 0	\$ 0	\$ 137	\$ 137

**MARION 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

The *Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis* differs from the *Budgetary Comparison Schedule* for the general fund due to the addition of the unexplained balance in the payroll account.

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2019

THIS PAGE LEFT BLANK INTENTIONALLY

**MARION 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	Additions	Deletions	Ending Balance
Land	\$ 428,500	\$	\$	\$ 428,500
Buildings	28,814,883			28,814,883
Building Improvements	62,728			62,728
Machinery and Equipment	3,776,345	342,509	53,000	4,065,854
Vehicles	3,309,008	474,896	124,995	3,658,909
Infrastructure	15,198,351	1,102,383		16,300,734
 Total Capital Assets	 <u>\$ 51,589,815</u>	 <u>\$ 1,919,788</u>	 <u>\$ 177,995</u>	 <u>\$ 53,331,608</u>

**MARION 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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	All	10 to 60
Buildings and Building Improvements	\$ 10,000	10 to 75
Machinery and Equipment	\$ 1,000	3 to 25
Vehicles	\$ 5,000	3 to 25
Infrastructure	\$ 20,000	12 to 25

**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 David R. Daugherty, Marion County Judge/Executive
Members of the Marion 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 Marion County Fiscal Court for the fiscal year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Marion County Fiscal Court's financial statement and have issued our report thereon dated May 7, 2020.

Internal Control Over Financial Reporting

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

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 2019-001, 2019-002, 2019-003, and 2019-004 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)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Marion 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 matters 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 Officials and Planned Corrective Action

Marion 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

May 7, 2020

**MARION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

THIS PAGE LEFT BLANK INTENTIONALLY

**MARION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

FINANCIAL STATEMENT FINDINGS:

2019-001 The Marion County Fiscal Court Did Not Follow Proper Procurement Procedures For Purchases Over \$20,000

The Marion County Fiscal Court did not advertise for bids on all expenditures for contracted services and materials exceeding \$20,000. The fiscal court paid \$376,172 to a food service vendor for inmates and \$27,279 for CL2 asphalt base for the road department. These items were not bid by the fiscal court.

The fiscal court was not aware they needed to bid the food service contract. In addition, they were not aware the road materials exceeded the bid amount threshold. As a result, the fiscal court was not in compliance with procurement laws or their administrative code. In addition, the county may not have received the best value for services or products provided.

KRS 424.260(1) states, “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids.”

We recommend the fiscal court monitor disbursements to ensure procurement procedures are followed properly for all purchases and contracts in the future.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Marion County Fiscal Court bids for its annual use of asphalt surface material before the start of each fiscal year. We don’t bid for asphalt base because we typically use very little base. However, for this fiscal year, we had a project that used more asphalt base than we had planned and the project went above the bid amount threshold. Going forward, we have added asphalt base to our bid forms.

We were under the impression that the food service contract was a professional service so after the original bid, we just renewed the contract each year. This contract expires in November and will be bid at that time.

2019-002 The Marion County Jail Commissary Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations

The Marion County Jail Commissary lacks adequate segregation over all jail commissary accounting functions. The jail has two bookkeepers with one solely taking care of the inmate account and bond account. She prepares deposits, posts to the receipts and disbursements ledger, issues receipts, and prepares bank reconciliations. The other bookkeeper is the jail business manager and is in charge of the jail canteen account. The jail business manager posts to the receipts and disbursements ledger, prepares bank reconciliations, writes checks, signs checks, and prepares deposits. Checks only have one signature.

According to the jailer’s bookkeeper, this condition is a result of a limited budget which restricts the number of employees the jailer can hire or delegate duties between. The lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to the fiscal court.

MARION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-002 The Marion County Jail Commissary Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations (Continued)

A proper segregation of duties over the accounting functions or implementing compensating controls, when necessary because of a limited number of staff, is essential for providing protection from undetected errors occurring. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the jailer segregate the duties of preparing deposits, recording receipts, preparing the bank reconciliations, and signing checks. If segregation of duties is not feasible due to lack of staff, we recommend the jailer implementing and documenting compensating controls to offset this control deficiency.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: No response.

County Jailer's Response: The commissary clerk is in charge of inmate accounts; all of the inmate's money is deposited into a kiosk by visitors and handled by an employee of [vendor]; [Vendor] makes the deposits into inmate trust account at [bank]. The other deposits for this account are checks written by other correctional facilities for inmates that are transferred to our jail and state pay for inmates. The commissary clerk also makes the deposits in the canteen account. The deposits are checks made out to MCDC, never cash. All deposits now require a second signature. The Business Manager handles the rest of the canteen account by paying the approved invoices and reconciling the account. The jailer is also on this account so as of April 16, 2020, the jailer will also be signing the checks.

2019-003 The Marion County Jail Commissary Did Not Deposit Receipts Daily

Receipts of the jail commissary fund were not deposited daily. The jail commissary fund had 165 deposits for fiscal year 2019. 148 of the 165 deposits were not made daily. In addition, 42 deposits of the 165 should have been deposited in the prior fiscal year. Deposits in the amount of \$30,600 for receipts collected from November 2017 through June 2018 were deposited July 3, 2018 through August 21, 2018.

According to the jailer's bookkeeper, she was off a lot during this time and receipts did not get deposited timely. When deposits are not made timely, the risk that the bank account can be overdrawn is increased and there is an increased risk of misappropriation of funds. The beginning balance of the inmate account was understated by \$30,600.

The Department for Local Government (DLG) was given the authority by KRS 68.210 to prescribe a uniform system of accounts. The minimum requirements for handling public funds in *County Budget Preparation and State Local Finance Officer Policy Manual* states, "daily deposits intact into a federally insured banking institution." Additionally, the practice of making daily deposits reduces the risk of misappropriation of cash, which is the asset most susceptible to possible theft.

We recommend the jailer make daily deposits for the jail commissary fund to ensure compliance with the Department for Local Government requirements.

**MARION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-003 The Marion County Jail Commissary Did Not Deposit Receipts Daily (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: No response.

County Jailer's Response: Deposits were made in an untimely manner and addressed last year (2019) by the previous auditor. Procedural improvements were implemented at the time but the current audit year was already half way through (at least six months into the fiscal year.) Deposits are not usually made daily because the jail does not handle cash deposits; most days there is no money to deposit. All deposits made by the canteen clerk are now shown on a monthly report that is given to the business manager, the jailer, and presented to the fiscal court monthly. Deposits now require a second signature.

2019-004 The Marion County Jail Inmate Fund And Bond Fund Bank Reconciliations Were Not Prepared Timely Or Accurately

This is a repeat finding and was included in the prior year audit report as findings 2018-001 and 2018-002. Bank reconciliations were not performed for the jail inmate account and bond fund account for all 12 monthly bank statements (July 2018 through June 2019) until January 1, 2020. Bank reconciliations did not include outstanding checks and deposits in transit, they only included what cleared through the bank on bank statements. The bond fund account is a clearing account and requires reimbursement for any additional charge or service fee.

The inmate account is used for all inmate moneys received and disbursed as refunds or transfers to the commissary account for commissary purchases by the inmates and jail fees collected from the inmates for payment to the county treasurer. No other receipts should be deposited into this account and no other disbursements should be made from it. As of June 30, 2019, the inmate account balance had a reconciled balance of \$23,849. Based on inmate report, inmate balances totaled \$6,627 as of June 30, 2019, leaving \$17,222 of monies in the inmate account balance unaccounted for.

The official did not have controls in place to ensure that staff was performing bank reconciliations timely and accurately. The bond account had \$10 service fees coming out monthly and had a withdrawal for the cost of checks. Because bank reconciliations were not timely performed, the bond fund account was overdrawn on a few occasions.

Good internal controls dictate that bank accounts be reconciled on a timely basis in order to detect and correct errors, including bank errors.

We recommend the jail personnel perform bank reconciliations timely and accurately soon after the bank statement is received. Bank reconciliations should include all outstanding checks and deposits in transit to show an accurate account balance. We also recommend the jailer follow up on the unexplained balance in inmate account.

MARION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-004 The Marion County Jail Inmate Fund And Bond Fund Bank Reconciliations Were Not Prepared Timely Or Accurately (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: No response.

County Jailer's Response: Bank reconciliations for the inmate trust fund were not prepared in a timely manner; this was brought to the jailer's attention in last year's audit. Adjustments were made at the time but, again the fiscal year was already half over so it reflected on this year's audit. The canteen clerk reconciled each month but did not print each month; she printed for the entire year at the end of fiscal year. This has been corrected and added to a monthly report. The inmate trust fund is used only for inmate's money. The inmates account is charged for commissary items, unpaid fees, medical, food orders (restaurants,) destruction of property, etc. Reports are printed and checks are distributed appropriately. The checks are written only to pay for purchases made by the inmate or anything that the inmate owes for. All charges are shown on the inmate's accounts and may be viewed by the inmate at any time.

When an inmate is released from the detention center, a debit card with their canteen balance is issued to them. If they are transported to another jail or prison, a check with their remaining balance either goes with them or is mailed to them. Any money that has been left in the inmate trust fund account is still on that individual account in jail tracker. If they return to the jail, the account is made active and they are eligible to spend the money that is still on their account. The attached report (Appendix B) shows that the money in the account is still on the individual accounts. Protocols for the detention center on the abandoned monies have been changed and are being implemented. A copy of these protocols is also attached to this report. (Appendix B)

[Bank] has been contacted about the service charge on the bond account. [Vendor] deposits all money into the bond account from the kiosk. If overdrawn, [vendor] did not deposit into the account in a timely manner. This has been discussed previously with [vendor] and corrected.

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

MARION COUNTY FISCAL COURT

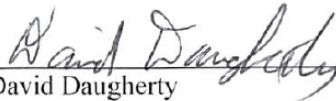
For The Year Ended June 30, 2019

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
MARION COUNTY FISCAL COURT

For The Year Ended June 30, 2019

The Marion 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.



David Daugherty
Marion County Judge/Executive



Kevin Cochran
Marion County Treasurer

THIS PAGE LEFT BLANK INTENTIONALLY

**COMMISSARY (INMATE TRUST FUND) ADJUSTMENTS TO PROTOCOL MADE
APRIL 24, 2020 - INFORMATION PROVIDED BY THE JAILER**

MARION COUNTY FISCAL COURT

For The Year Ended June 30, 2019

THIS PAGE LEFT BLANK INTENTIONALLY



MARION COUNTY DETENTION CENTER

J. Barry Brady, CJM
Jailer

201 Warehouse Road
Lebanon, KY 40033
Telephone: (270) 692-5802
Fax Number: (270) 699-9067

COMMISSARY (INMATE TRUST FUND)

ADJUSTMENTS TO PROTOCOL MADE APRIL 24, 2020

A handwritten signature in blue ink, appearing to be "J. Barry Brady", is written over the date "APRIL 24, 2020".

- Any amount of money that is left on an inmates account that went to another jail, prison, or a release that did not receive a debit card:
 - a. Write check for that amount with inmates name
 - b. Make copy of check and addressed envelope
 - c. Record date and time check was mailed or picked up

- If check is returned and there is no forwarding address, call listed phone number. If unable to reach, check will be voided after 90 days.
- If a mailed check remains uncleared and there is no other forwarding address, call listed phone number. If unable to track check, check will be voided in 90 days.
- If money is abandoned for one year, the unclaimed money will be moved from the Inmate Trust Fund (Citizens National Bank) to the canteen account (US Bank.)