

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

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



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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Mitchell Page, Monroe County Judge/Executive  
Members of the Monroe 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 Monroe County Fiscal Court, for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Monroe 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  
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### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the Monroe 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 Monroe 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 Monroe 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 Monroe 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.

To the People of Kentucky  
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**Other Matters (Continued)**

*Supplementary and Other Information (Continued)*

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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2020, on our consideration of the Monroe 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 Monroe County Fiscal Court's internal control over financial reporting and compliance.

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

2019-001 The Monroe County Fiscal Court's Fourth Quarter Report Was Materially Misstated

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

April 22, 2020

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

Mitchell Page	County Judge/Executive
Jamie Veach	Magistrate
Roger Deckard	Magistrate
Ricky Bartley	Magistrate
Mark Williams	Magistrate
Ricky Graves	Magistrate

**Other Elected Officials:**

Wesley Stephens	County Attorney
Elmer Doyle Fox	Jailer
Teresa Sheffield	County Clerk
Kimberly Hagan	Circuit Court Clerk
Roger Dale Ford	Sheriff
Louis L. Carter	Property Valuation Administrator
Maxey Gentry	Coroner

**Appointed Personnel:**

Brittany Wilborn	County Treasurer
Sheila Sheffield	Finance Officer - July 1, 2018 to December 31, 2018
Julie Page	Finance Officer - September 20, 2018 to March 31, 2019
Lori Emmert	Finance Officer - April 1, 2019 to June 30, 2019
Brittany Wilborn	Occupational Tax Administrator



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

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

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

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

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 1,758,411	\$	\$
In Lieu Tax Payments	60,967		
Excess Fees	78,011		
Licenses and Permits	18,147		
Intergovernmental	371,919	1,417,638	86,445
Miscellaneous	60,246	39,193	1,000
Interest	9,177	8,238	245
Total Receipts	<u>2,356,878</u>	<u>1,465,069</u>	<u>87,690</u>
<b>DISBURSEMENTS</b>			
General Government	754,639		
Protection to Persons and Property	119,438		561,084
General Health and Sanitation	23,493		
Social Services	13,817		
Recreation and Culture	12,615		
Roads		1,848,806	
Airports			
Debt Service			
Administration	653,341	107,960	33,757
Total Disbursements	<u>1,577,343</u>	<u>1,956,766</u>	<u>594,841</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other			
Adjustments to Cash (Uses)	<u>779,535</u>	<u>(491,697)</u>	<u>(507,151)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Borrowed Money - Lease Proceeds		150,000	
Transfers From Other Funds			510,000
Transfers To Other Funds	(510,000)		
Total Other Adjustments to Cash (Uses)	<u>(510,000)</u>	<u>150,000</u>	<u>510,000</u>
Net Change in Fund Balance	269,535	(341,697)	2,849
Fund Balance - Beginning	1,694,906	976,282	6,535
Fund Balance - Ending	<u>\$ 1,964,441</u>	<u>\$ 634,585</u>	<u>\$ 9,384</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 1,985,945	\$ 1,315,904	\$ 57,756
Less: Outstanding Checks	(21,504)	(681,319)	(48,372)
Fund Balance - Ending	<u>\$ 1,964,441</u>	<u>\$ 634,585</u>	<u>\$ 9,384</u>

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

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

<u>Budgeted Funds</u>		<u>Unbudgeted Fund</u>	
<u>Local Government Economic Assistance Fund</u>	<u>Grant Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
\$	\$	\$	\$ 1,758,411
			60,967
			78,011
			18,147
36,512	51,616	699,277	2,663,407
			100,439
399		3,021	21,080
<u>36,911</u>	<u>51,616</u>	<u>702,298</u>	<u>4,700,462</u>
6,250			760,889
37,958	51,619		770,099
			23,493
			13,817
			12,615
			1,848,806
3,000			3,000
		696,278	696,278
			795,058
<u>47,208</u>	<u>51,619</u>	<u>696,278</u>	<u>4,924,055</u>
<u>(10,297)</u>	<u>(3)</u>	<u>6,020</u>	<u>(223,593)</u>
			150,000
			510,000
			(510,000)
			150,000
(10,297)	(3)	6,020	(73,593)
87,373	3	138,084	2,903,183
<u>\$ 77,076</u>	<u>\$ 0</u>	<u>\$ 144,104</u>	<u>\$ 2,829,590</u>
\$ 78,326	\$	\$ 144,104	\$ 3,582,035
(1,250)			(752,445)
<u>\$ 77,076</u>	<u>\$ 0</u>	<u>\$ 144,104</u>	<u>\$ 2,829,590</u>

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

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TO THE FINANCIAL STATEMENT**

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**MONROE COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2019**

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

**A. Reporting Entity**

The financial statement of Monroe County includes all budgeted and unbudgeted funds under the control of the Monroe 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 Monroe County Fire and Rescue Squad and the Monroe County Recreation, Tourist, and Convention Commission 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.

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

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

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

**Budgeted Funds (Continued)**

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

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

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Grant Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund are grants from the state and federal government.

**Unbudgeted Fund**

The fiscal court reports the following unbudgeted fund:

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

**D. Budgetary Information**

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

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

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

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

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

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

**E. Monroe County Elected Officials**

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

**H. Related Organizations and Joint Ventures**

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

Monroe County Ambulance District  
Monroe County Water District  
Fountain Run Water District  
Industrial Development Board

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

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

**H. Related Organizations and Joint Ventures (Continued)**

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

Monroe County/Tompkinsville Industrial Development  
 Monroe County/Tompkinsville Airport Board

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

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

**Note 3. Transfers**

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

	General Fund	Total Transfers In
Jail Fund	\$ 510,000	\$ 510,000
Total Transfers Out	<u>\$ 510,000</u>	<u>\$ 510,000</u>

Reason for transfers:

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



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

**Note 4. Long-Term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Road Equipment**

On March 27, 2019, the Monroe County Fiscal Court entered into an agreement with the Kentucky Association Counties Leasing Trust Program in the amount of \$150,000. The funds were used to purchase a road patcher, oil tank storage, and pad for tank. Interest is paid annually at a rate of 4.05%. Principal and interest payments are due March 20th each year through fiscal year 2024. The outstanding principal balance as of June 30, 2019, was \$150,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 27,826	\$ 6,260
2021	28,921	4,948
2022	29,977	3,777
2023	31,071	2,563
2024	32,205	1,304
Totals	<u>\$ 150,000</u>	<u>\$ 18,852</u>

**B. Other Debt**

**1. First Mortgage Revenue Bonds, Series 2009**

On December 1, 2009, the Monroe County Public Properties Corporation issued revenue bonds of \$10,005,000 to pay off the 2008 Series notes, which were originally issued for the purpose of constructing a Judicial Center and to further the construction of the Judicial Center. On November 17, 2016, the corporation issued First Mortgage Refunding Revenue Bonds, Series 2016 which defeased a portion of the series 2009 bonds. The non-refunded principal is payable annually on November 1, with the final payment being due on November 1, 2022. Interest is payable semi-annually on May 1 and November 1 of each year at varying rates from 4% to 4.25%. The bonds outstanding at June 30, 2019 totaled \$1,575,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 505,000	\$ 51,638
2021	525,000	32,300
2022	545,000	10,900
Totals	<u>\$ 1,575,000</u>	<u>\$ 94,838</u>

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

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

**B. Other Debt (Continued)**

**2. First Mortgage Refunding Revenue Bonds, Series 2016**

On November 17, 2016, the Monroe County Public Properties Corporation issued \$4,760,000 of First Mortgage Refunding Revenue Bonds to advance refund a portion of the Series 2009 bonds, which were originally issued for the construction of the judicial center. Principal payments are due annually on November 1, and interest is payable semiannually on May 1 and November 1 at an interest rate of 3%. The outstanding principal balance as of June 30, 2019 was \$4,760,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 25,000	\$ 142,425
2021	40,000	141,450
2022	40,000	140,250
2023	605,000	130,575
2024	625,000	112,125
2025-2029	<u>3,425,000</u>	<u>262,875</u>
Totals	<u>\$ 4,760,000</u>	<u>\$ 929,700</u>

**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 and Direct Placements	\$	\$ 150,000	\$	\$ 150,000	\$ 27,826
Revenue Bonds	<u>6,820,000</u>		<u>485,000</u>	<u>6,335,000</u>	<u>530,000</u>
Total Long-term Debt	<u>\$ 6,820,000</u>	<u>\$ 150,000</u>	<u>\$ 485,000</u>	<u>\$ 6,485,000</u>	<u>\$ 557,826</u>

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

**Note 5. 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 \$170,362, FY 2018 was \$171,725, and FY 2019 was \$196,464.

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

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

**Note 5. 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.

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

**Note 5. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB)

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 6. Insurance**

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

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,410,000	\$ 1,410,000	\$ 1,758,411	\$ 348,411
In Lieu Tax Payments	105,000	105,000	60,967	(44,033)
Excess Fees	50,000	50,000	78,011	28,011
Licenses and Permits	17,550	17,550	18,147	597
Intergovernmental	301,070	301,070	371,919	70,849
Miscellaneous	15,000	15,000	60,246	45,246
Interest	3,000	3,000	9,177	6,177
Total Receipts	<u>1,901,620</u>	<u>1,901,620</u>	<u>2,356,878</u>	<u>455,258</u>
<b>DISBURSEMENTS</b>				
General Government	795,555	795,555	754,639	40,916
Protection to Persons and Property	109,690	109,690	119,438	(9,748)
General Health and Sanitation	24,000	24,000	23,493	507
Social Services	17,600	17,600	13,817	3,783
Recreation and Culture	14,300	14,300	12,615	1,685
Administration	763,155	763,155	653,341	109,814
Total Disbursements	<u>1,724,300</u>	<u>1,724,300</u>	<u>1,577,343</u>	<u>146,957</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>177,320</u>	<u>177,320</u>	<u>779,535</u>	<u>602,215</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(527,320)	(527,320)	(510,000)	17,320
Total Other Adjustments to Cash (Uses)	<u>(527,320)</u>	<u>(527,320)</u>	<u>(510,000)</u>	<u>17,320</u>
Net Change in Fund Balance	(350,000)	(350,000)	269,535	619,535
Fund Balance - Beginning	350,000	350,000	1,694,906	1,344,906
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,964,441</u>	<u>\$ 1,964,441</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,381,473	\$ 1,381,473	\$ 1,417,638	\$ 36,165
Miscellaneous	26,000	26,000	39,193	13,193
Interest	1,000	1,000	8,238	7,238
Total Receipts	<u>1,408,473</u>	<u>1,408,473</u>	<u>1,465,069</u>	<u>56,596</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	3,000	3,000		3,000
Roads	1,275,473	1,875,473	1,848,806	26,667
Administration	130,000	130,000	107,960	22,040
Total Disbursements	<u>1,408,473</u>	<u>2,008,473</u>	<u>1,956,766</u>	<u>51,707</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(600,000)</u>	<u>(491,697)</u>	<u>108,303</u>
<b>Other Adjustments to Cash (Uses)</b>				
Borrowed Money - Lease Proceeds			150,000	150,000
Total Other Adjustments to Cash (Uses)			<u>150,000</u>	<u>150,000</u>
Net Change in Fund Balance		(600,000)	(341,697)	258,303
Fund Balance - Beginning		600,000	976,282	376,282
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 634,585</u>	<u>\$ 634,585</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 77,000	\$ 77,000	\$ 86,445	\$ 9,445
Miscellaneous			1,000	1,000
Interest			245	245
Total Receipts	<u>77,000</u>	<u>77,000</u>	<u>87,690</u>	<u>10,690</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	557,120	557,120	561,084	(3,964)
Administration	47,200	47,200	33,757	13,443
Total Disbursements	<u>604,320</u>	<u>604,320</u>	<u>594,841</u>	<u>9,479</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(527,320)</u>	<u>(527,320)</u>	<u>(507,151)</u>	<u>20,169</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	527,320	527,320	510,000	(17,320)
Total Other Adjustments to Cash (Uses)	<u>527,320</u>	<u>527,320</u>	<u>510,000</u>	<u>(17,320)</u>
Net Change in Fund Balance			2,849	2,849
Fund Balance - Beginning			<u>6,535</u>	<u>6,535</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,384</u>	<u>\$ 9,384</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 36,512	\$ 6,512
Interest			399	399
Total Receipts	<u>30,000</u>	<u>30,000</u>	<u>36,911</u>	<u>6,911</u>
<b>DISBURSEMENTS</b>				
General Government	10,000	9,042	6,250	2,792
Protection to Persons and Property	37,000	37,958	37,958	
Airports	3,000	3,000	3,000	
Total Disbursements	<u>50,000</u>	<u>50,000</u>	<u>47,208</u>	<u>2,792</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(10,297)</u>	<u>9,703</u>
Net Change in Fund Balance	(20,000)	(20,000)	(10,297)	9,703
Fund Balance - Beginning	<u>20,000</u>	<u>20,000</u>	<u>87,373</u>	<u>67,373</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,076</u>	<u>\$ 77,076</u>

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

	<b>GRANT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 50,119	\$ 51,619	\$ 51,616	\$ (3)
Total Receipts	<u>50,119</u>	<u>51,619</u>	<u>51,616</u>	<u>(3)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	<u>50,119</u>	<u>51,619</u>	<u>51,619</u>	
Total Disbursements	<u>50,119</u>	<u>51,619</u>	<u>51,619</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(3)	(3)
Net Change in Fund Balance			(3)	(3)
Fund Balance - Beginning			<u>3</u>	<u>3</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**June 30, 2019**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Excess of Disbursements Over Appropriations**

General fund and jail fund protection to persons and property exceeded budgeted appropriations by \$9,748 and \$3,964 respectively.

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

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

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**MONROE 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 and Land Improvements	\$ 516,900	\$	\$	\$ 516,900
Construction In Progress	1,013,416	50,119		1,063,535
Building and Building Improvements	11,933,027	40,055		11,973,082
Equipment	999,381		945	998,436
Vehicles	436,689		4,000	432,689
Infrastructure	12,018,087	581,274		12,599,361
 Total Capital Assets	 <u>\$ 26,917,500</u>	 <u>\$ 671,448</u>	 <u>\$ 4,945</u>	 <u>\$ 27,584,003</u>

**MONROE 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	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	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***

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

The Honorable Mitchell Page, Monroe County Judge/Executive  
Members of the Monroe 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 Monroe County Fiscal Court for the fiscal year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Monroe County Fiscal Court's financial statement and have issued our report thereon dated April 22, 2020.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2019-001 to be a material weakness.



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

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Monroe County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-001.

**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,

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

Mike Harmon  
Auditor of Public Accounts

April 22, 2020

**MONROE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

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**MONROE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

FINANCIAL STATEMENT FINDING:

2019-001 The Monroe County Fiscal Court's Fourth Quarter Report Was Materially Misstated

---

The following reporting errors were noted on the June 30, 2019 quarterly financial report for the Monroe County Fiscal Court:

- Transfers out were incorrectly reported as \$360,000 instead of (\$360,000). Three cash transfers from the general fund to the jail fund totaling \$150,000 were not included as transfers out on the fourth quarter report. The actual transfers out were \$510,000 for audit period.
- Two checks written for \$13,330 and \$12,730, respectively, were not included on the fourth quarter report; however, they were recorded to the disbursements ledger and included on the treasurer's annual settlement.
- Road materials and supplies disbursements of \$654,758 were not recorded to the fourth quarter report; however, they were recorded to the disbursements ledger and included on the treasurer's annual settlement.
- The fourth quarter liabilities page on the quarterly report was materially inaccurate. The Monroe County Public Properties Corporation First Mortgage Refunding Revenue Bonds Series 2016 and the unrefunded portion of the First Mortgage Revenue Bonds Series 2009 were not included.
- The fourth quarter report export file sent to the Department for Local Government did not agree to the accounting records and did not report the correct amount of total receipts and disbursements on the summary page since this was manually entered to agree to the county treasurer's settlement.
- The original budget and budget amendments did not agree to the fourth quarter report. Budgeted receipts were overstated by \$1,004,643 and budgeted disbursements were understated by \$601,500 due to not recording including budget amendments as inter-fund transfers in error on fourth quarter report.

These errors resulted from a lack of oversight over the financial reporting process and preparation of the fourth quarter report export file performed by the county treasurer. The fourth quarter financial report was not reconciled to the original budget, budget amendments, and accounting records or reviewed by another employee for accuracy to ensure amounts were reported correctly prior to submission to the Department for Local Government (DLG). In addition, the road materials and supplies errors were a result of inter-fund transfers being shown as actual disbursements on the manual ledgers; therefore, once they were manually entered to the quarterly report file they included the wrong amount.

Cash transfers not properly recorded on the financial statement required an \$870,000 adjustment to the general fund for cash transfers out to other funds. By not including all outstanding debt of the Monroe County Public Properties Corporation on the quarterly report liabilities page, principal of \$6,335,000 and interest of \$1,024,538 was not reported. Furthermore, other material misstatements were noted requiring adjustments due to the errors noted above on the quarterly report. This lack of oversight could result in undetected misappropriation of assets and resulted in inaccurate financial reporting to external agencies such as DLG and the fiscal court.

Strong internal controls over the reporting process is vital in ensuring the fiscal court's financial reports accurately reflect the financial activity of the fiscal court.

KRS 68.020(4) states the county treasurer "shall keep an accurate detailed account of all money received and disbursed by him for the county, and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer."

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

FINANCIAL STATEMENT FINDING: (Continued)

2019-001 The Monroe County Fiscal Court's Fourth Quarter Report Was Materially Misstated (Continued)

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual requires the county treasurer to "[p]repare a quarterly financial statement for the State Local Finance Officer." The manual also provides a format to be used when preparing the quarter financial statement. This format includes reporting original budget estimates, budget amendments, actual receipts and disbursements and total available in each line item.

In addition, KRS 68.360(2) states, "[t]he county judge/executive shall, within fifteen (15) days after the end of each quarter of each fiscal year, prepare a statement showing for the current fiscal year to date actual receipts from each county revenue source, the totals of all encumbrances and expenditures charged against each budget fund, the unencumbered balance of the fund, and any transfers made to or from the fund."

We recommend the fiscal court implement stronger internal controls over the financial reporting process to ensure all activity and budgeted amounts are properly recorded and reported on the financial statements submitted to the Department for Local Government.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The official did not provide a response.*

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

**MONROE COUNTY FISCAL COURT**

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

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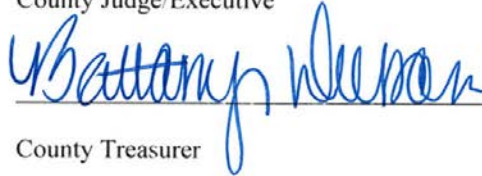
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
MONROE COUNTY FISCAL COURT

For The Year Ended June 30, 2019

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

A handwritten signature in blue ink that reads "Mitchell Dagg". The signature is written in a cursive style and is positioned above a horizontal line.

County Judge/Executive

A handwritten signature in blue ink that reads "Whitney Wilson". The signature is written in a cursive style and is positioned above a horizontal line.

County Treasurer