

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

**For The Fiscal Year Ended
June 30, 2008**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CHRISTIAN COUNTY FISCAL COURT

June 30, 2008

The Auditor of Public Accounts has completed the audit of the Christian County Fiscal Court for fiscal year ended June 30, 2008. We have issued unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

Financial Condition:

The fiscal court had net assets of \$25,289,400 as of June 30, 2008. The fiscal court had unrestricted net assets of \$10,481,333 in its governmental activities as of June 30, 2008, with total net assets of \$25,046,868. In its business-type activities, total cash and cash equivalents were \$93,709 with total net assets of \$242,532. The fiscal court had total debt principal as of June 30, 2008 of \$24,013,576 with \$1,546,653 due within the next year.

Report Comments:

- 2008-1 Sales From Vending Machines Were Not Recorded To Support Deposits Made Into The Canteen Fund And Lack Of Adequate Segregation Of Duties Existed Over Vending Machine Activities For The First Half Of The Fiscal Year
- 2008-2 The Christian County Detention Center Should Review And Update Its Financial Management System
- 2008-3 The Jailer Should Have Required Daily Deposits For The Jail Inmate Fee Account For The First Half Of The Fiscal Year
- 2008-4 The Christian County Detention Center Lacked Adequate Segregation Of Duties Over The Accounting Functions For The First Half Of The Fiscal Year
- 2008-5 Dog Warden Deposits Were Not Made Timely
- 2008-6 Sales Tax Was Not Remitted To The Kentucky Department Of Revenue In A Timely Manner
- 2008-7 The Jailer Should Have Required Monthly Payments To The Jail Fund For Inmate Fees
- 2008-8 All Jail Expenditures Should Be Budgeted
- 2008-9 Encumbrances Of The Jail Fund Were Understated By \$261,040 On The 4th Quarterly Report For June 30, 2008
- 2008-10 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days
- 2008-11 Credit Card Travel Expenditures Should Be Made In Accordance With The County's Travel Policy

Deposits:

As of June 30, 2008, the fiscal court's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Steve Tribble, Christian County Judge/Executive
Members of the Christian County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Christian County, Kentucky, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Christian County Fiscal Court. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Christian County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Christian County, Kentucky, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the modified cash basis of accounting.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the People of Kentucky
 Honorable Steven L. Beshear, Governor
 Jonathan Miller, Secretary
 Finance and Administration Cabinet
 Honorable Steve Tribble, Christian County Judge/Executive
 Members of the Christian County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Christian County, Kentucky's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation of the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated July 13, 2009, on our consideration of Christian County, Kentucky'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 and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discuss the following report comments:

- 2008-1 Sales From Vending Machines Were Not Recorded To Support Deposits Made Into The Canteen Fund And Lack Of Adequate Segregation Of Duties Existed Over Vending Machine Activities For The First Half Of The Fiscal Year
- 2008-2 The Christian County Detention Center Should Review And Update Its Financial Management System
- 2008-3 The Jailer Should Have Required Daily Deposits For The Jail Inmate Fee Account For The First Half Of The Fiscal Year
- 2008-4 The Christian County Detention Center Lacked Adequate Segregation Of Duties Over The Accounting Functions For The First Half Of The Fiscal Year
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- 2008-10 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days
- 2008-11 Credit Card Travel Expenditures Should Be Made In Accordance With The County's Travel Policy

Respectfully submitted,



Crit Luallen
 Auditor of Public Accounts

July 13, 2009

CHRISTIAN COUNTY OFFICIALS**For The Year Ended June 30, 2008****Fiscal Court Members:**

Steve Tribble	County Judge/Executive
William H. Bruce	Magistrate
Mark E. Cansler	Magistrate
Thomas C. Jones	Magistrate
Terry R. Bowman	Magistrate
Jack N. Lackey	Magistrate
James E. Fleming	Magistrate
Cleatus Edwin Long	Magistrate
Howard R. Pettus	Magistrate

Other Elected Officials:

J. Michael Foster	County Attorney
Bradley Boyd	Jailer
Michael A. Kem	County Clerk
Gary Haddock	Circuit Court Clerk
Lewis Leavell, Jr.	Sheriff
Mills Foster	Property Valuation Administrator
Dorris L. Lamb	Coroner

Appointed Personnel:

Walter Cummings, Sr.	County Treasurer
Ruth Mason	Assistant County Treasurer
Nita K. Leavell	Finance Officer



EXECUTIVE OFFICES

CHRISTIAN COUNTY

515 WEBER STREET

HOPKINSVILLE, KENTUCKY 42240

STEVE TRIBBLE
COUNTY JUDGE EXECUTIVE

TELEPHONE
270-867-4100
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Management's Discussion and Analysis June 30, 2008

The financial management of Christian County, Kentucky offers readers of Christian County's financial statements this narrative overview and analysis of the financial activities of Christian County for the fiscal year ended June 30, 2008.

Financial Highlights

- Christian County had net assets of \$25,289,400 as of June 30, 2008. The fiscal court had unrestricted net assets of \$10,481,333 in the governmental activities as of June 30, 2008, with total net assets of \$25,046,868. In the enterprise fund, cash and cash equivalents were \$93,709 with total assets of \$242,532. Total debt for governmental activities principal as of June 30, 2008 was \$24,013,576 with \$1,546,653 due within one year.
- The governmental activities' total net assets increased by \$3,517,112 from the prior year. This increase is primarily due to unanticipated receipts and debt reduction that was greater than depreciation of the capital assets.
- At the close of the current fiscal year, Christian County governmental funds reported cash and cash equivalents of \$9,010,915. Of this amount, \$8,564,943 is available for spending at the government's discretion (unreserved fund balance).
- Christian County's total indebtedness at the close of fiscal year June 30, 2008 was \$24,013,576, of which \$22,466,923 was long-term debt (due after 1 year) and \$1,546,653 was short-term debt (to be paid within 1 year). Debt additions were \$96,700, and debt reductions were \$894,940, for a net decrease of \$798,240 for the year.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to Christian County's basic financial statements. Christian County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GASB 34 requires management to include certain comparison schedules when they are available. The schedules include prior and current comparisons of general revenues by major source, and program expenses by function.

**Christian County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Christian County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on Christian County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Christian County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as timing for recognizing revenues, expenses, and related assets and liabilities.

Under the county's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from a cash transaction, except for the recording of depreciation expenses on capital assets in the government-wide financial statements for all activities and in the fund financial statements for the proprietary fund activities.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as amounts billed for services provided, but not collected) and accounts payable (expenses for goods and services received but not paid) or compensated absences are not recorded.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Christian County's governmental activities include general government, protection to persons and property, general health and sanitation, roads, recreation and culture, social services, airports, debt service, and capital projects. Christian County has one business type activity - Jail Canteen.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Christian County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal and statutory requirements. All of the funds of Christian County can be divided into broad categories: *governmental funds, proprietary funds, and fiduciary funds*.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

**Christian County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Governmental Funds (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Christian County maintains (8) eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

Major Funds:

- General Fund
- Road Fund
- Jail Fund
- Local Government Economic Assistance Fund
- Revolving Loan Fund
- E-911 Fee Fund
- Industrial Authority Revolving Loan Fund
- Christian County Public Courthouse Corporation

Christian County adopts an annual appropriated budget for its major governmental funds except for the Public Courthouse Corporation Fund and the Industrial Authority Revolving Loan Fund, which were not budgeted by the fiscal court. A budgetary comparison statement has been provided for each of the budgeted funds to demonstrate compliance with their budgets.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Jail Canteen Fund.

Internal Service Funds. Internal Service funds provide a service to the primary government. The Christian County Health Insurance Fund accounts for all the activity of the self-insurance plan.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Christian County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Financial Analysis of the County As A Whole

Net Assets. Net assets may serve over time as a useful indicator of a government's financial position.

**Table 1
Christian County's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Assets						
Current and other assets	\$ 9,509,626	\$ 10,481,333	\$ 37,119	\$ 93,709	\$ 9,546,745	\$ 10,575,042
Net Capital Assets	36,831,946	38,579,111	175,749	148,823	37,007,695	38,727,934
Total Assets	<u>\$ 46,341,572</u>	<u>\$ 49,060,444</u>	<u>\$ 212,868</u>	<u>\$ 242,532</u>	<u>\$ 46,554,440</u>	<u>\$ 49,302,976</u>
Liabilities						
Current and other Liabilities	\$ 868,291	\$ 1,546,653	\$	\$	\$ 868,291	\$ 1,546,653
Long-term Liabilities	23,943,525	22,466,923			23,943,525	22,466,923
Total Liabilities	<u>\$ 24,811,816</u>	<u>\$ 24,013,576</u>	<u>\$</u>	<u>\$</u>	<u>\$ 24,811,816</u>	<u>\$ 24,013,576</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	\$ 12,020,130	\$ 14,565,535	\$ 175,749	\$ 148,823	\$ 12,195,879	\$ 14,714,358
Unrestricted	9,509,626	10,481,333	37,119	93,709	9,546,745	10,575,042
Total Net Assets	<u>\$ 21,529,756</u>	<u>\$ 25,046,868</u>	<u>\$ 212,868</u>	<u>\$ 242,532</u>	<u>\$ 21,742,624</u>	<u>\$ 25,289,400</u>

Changes in Net Assets.

Governmental Activities. Christian County's net assets increased by \$3,517,112 in fiscal year 2008. Key elements of this are as follows:

- Current assets increased \$971,707, due to unexpected miscellaneous revenues.
- Investment in capital assets and infrastructure, net of related debt increased \$2,545,405.
- Current and long-term liabilities decreased by \$798,240.
- General revenues were \$6,566,368 and total revenues were \$19,358,441 as reflected in the Statement of Activities
- Expenditures totaled \$15,841,328 as reflected in the Statement of Activities.

Business-type Activities. Christian County's net assets increased by \$29,664 in fiscal year 2008. Key elements are as follows:

- Current assets and cash increased by \$56,590.
- Investment in capital assets decreased \$26,926.
- Total revenue was \$627,771 as reflected in the Statement of Activities.
- Expenditures totaled \$598,107 as reflected in the Statement of Activities.

**Christian County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Financial Analysis of the County As A Whole (Continued)

**Table 2
Christian County's Comparison
of General Revenue by Source and
Program Expenses by Function**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Program Revenues						
Charges for Services	\$ 5,101,453	\$ 6,781,168	\$ 573,643	\$ 625,838	\$ 5,675,096	\$ 7,407,006
Operating Grants and Contributions	3,073,512	3,780,472			3,073,512	3,780,472
Capital Grants and Contributions	3,417,404	2,230,433			3,417,404	2,230,433
General Revenues						
Taxes	4,257,221	4,573,741			4,257,221	4,573,741
Miscellaneous and Other	2,502,462	1,992,626	1,198	1,933	2,503,660	1,994,559
Total Revenue	<u>18,352,052</u>	<u>19,358,440</u>	<u>574,841</u>	<u>627,771</u>	<u>18,926,893</u>	<u>19,986,211</u>
Expenses						
General Government	5,433,655	5,416,669			5,433,655	5,416,669
Protection to Persons and Property	5,090,978	5,022,097			5,090,978	5,022,097
General Health and Sanitation	287,371	319,301			287,371	319,301
Social Services	96,894	83,721			96,894	83,721
Recreation and Culture	123,154	137,549			123,154	137,549
Roads	1,354,790	1,946,924			1,354,790	1,946,924
Airports	26,000	28,830			26,000	28,830
Debt Service	2,285,973	889,210			2,285,973	889,210
Capital Projects	2,302,743	1,997,027			2,302,743	1,997,027
Jail Canteen			555,550	598,107	555,550	598,107
Total Expenses	<u>17,001,558</u>	<u>15,841,328</u>	<u>555,550</u>	<u>598,107</u>	<u>17,557,108</u>	<u>16,439,435</u>
Change In Net Assets	1,350,494	3,517,112	19,291	29,664	1,369,785	3,546,776
Net Assets - Beginning	20,126,764	21,529,756	193,577	212,868	20,320,341	21,742,624
Net Assets - Ending	<u>\$ 21,477,258</u>	<u>\$ 25,046,868</u>	<u>\$ 212,868</u>	<u>\$ 242,532</u>	<u>\$ 21,690,126</u>	<u>\$ 25,289,400</u>

**Christian County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Financial Analysis of the County's Funds (Continued)

Governmental Funds Overview. As of the end of June 2008 fiscal year, the combined ending fund balances of County governmental funds were \$9,010,915. Approximately 95% (\$8,564,943) of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance (\$445,972) is reserved to indicate that it is not available for new spending because it is committed for the various encumbrances.

As noted earlier, the County has (8) eight major governmental funds.

1. The General Fund is the chief operating fund of Christian County. At the end of June 30, 2008 fiscal year, unreserved fund balance of the General Fund was \$6,180,699. The County received \$4,692,137 in real and personal property, motor vehicle, and other taxes for approximately 53% of the county's general revenues. Various other service fees and miscellaneous revenues contribute to the remaining 47% of revenues. There was a significant budget variance in General Fund revenues.
2. The Road Fund is the fund related to County road and bridge construction and maintenance. The Road Fund had an \$11,952 fund balance at June 30, 2008. The fiscal year 2008 expenditures for the Road Fund were \$3,703,030.
3. The Jail Fund is used to account for the operation of the County's detention program. The Jail Fund had a fund balance at June 30, 2008 of \$643,652. The Jail Fund received \$5,640,153 for intergovernmental fees, primarily for housing prisoners.
4. The Local Government Economic Assistance Fund had a fund balance of \$10,767 as of June 30, 2008. These funds are held for economic development.
5. The Revolving Loan Fund had a fund balance of \$409,811. These funds are used to make loans to local businesses.
6. The E-911 Fee Fund had a fund balance of \$1,176,334. These funds are used for 911 services.
7. The Industrial Authority Revolving Loan Fund had a fund balance \$432,589 as of June 30, 2008. These funds are held for loans to local businesses.
8. The Christian County Public Courthouse Corporation Fund had a fund balance of \$7,063 as of June 30, 2008.

Proprietary Funds Overview. The County's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

Christian County has (1) one enterprise-type proprietary fund, which is:

- Jail Canteen Fund

**Christian County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Financial Analysis of the County's Funds (Continued)

The Jail Canteen Fund's unrestricted net assets at the end of June 30, 2008 fiscal year, amounted to \$93,709 and total assets were \$242,532.

Internal Service Fund Overview. Christian County maintains (1) one internal service fund, which is:

- Health Insurance Fund.

The Health Insurance Fund's unrestricted total assets at the end of June 30, 2008 were \$1,176,343.

Capital Assets and Debt Administration

Capital Assets. Christian County's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amount to \$38,727,934 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to land other than buildings, machinery and equipment, vehicles, current infrastructure additions, and construction in progress for the energy conservation project.

Major capital asset events during the 2008 fiscal year included the road operations, the purchase of several vehicles, and energy conservation improvements.

Additional information about the County's capital assets can be found in Note 4 of this report.

**Table 3
Christian County's Capital Assets, Net of Accumulated Depreciation**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Assets						
Infrastructure						
Assets	\$ 4,606,463	\$ 5,838,795	\$	\$	\$ 4,606,463	\$ 5,838,795
Land	2,263,092	2,263,092			2,263,092	2,263,092
Construction						
In Progress	2,250,657	2,786,579			2,250,657	2,786,579
Buildings	26,159,216	25,915,756			26,159,216	25,915,756
Furniture and						
Fixtures	345,388	541,225			345,388	541,225
Land						
Improvements	80,997	71,105			80,997	71,105
Vehicles and						
Equipment	1,126,133	1,162,559	175,749	148,823	1,301,882	1,311,382
Total Net						
Capital Assets	<u>\$ 36,831,946</u>	<u>\$ 38,579,111</u>	<u>\$ 175,749</u>	<u>\$ 148,823</u>	<u>\$ 37,007,695</u>	<u>\$ 38,727,934</u>

**Christian County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Capital Assets and Debt Administration (Continued)

Long-Term Debt. At the end of the 2008 fiscal year, Christian County had total bonded debt outstanding of \$18,900,000 from General Obligation and Revenue Bonds. The County had financing agreements totaling \$5,113,576.

Other Matters. The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2009 fiscal year budget:

- The 2009 fiscal year adopted budget continues most services at current levels.
- Program cuts at the State level, particularly relating to the cost of housing prisoners, will have a negative impact on funding for county programs.

Requests For Information

This financial report is designed to provide a general overview of Christian County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided herein or requests for additional financial information should be addressed to the Christian County Treasurer, 521 Weber Street, Hopkinsville, KY, 42240.

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**CHRISTIAN COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

June 30, 2008

CHRISTIAN COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 10,187,258	\$ 93,709	\$ 10,280,967
Notes Receivable	34,847		34,847
Total Current Assets	<u>10,222,105</u>	<u>93,709</u>	<u>10,315,814</u>
Noncurrent Assets:			
Notes Receivable	259,228		259,228
Capital Assets - Net of Accumulated Depreciation			
Land	2,263,092		2,263,092
Land Improvements	71,105		71,105
Construction in Progress	2,786,579		2,786,579
Buildings	25,915,756		25,915,756
Furniture and Office Equipment	541,225		541,225
Vehicles and Equipment	1,162,559	148,823	1,311,382
Infrastructure	5,838,795		5,838,795
Total Noncurrent Assets	<u>38,838,339</u>	<u>148,823</u>	<u>38,987,162</u>
Total Assets	<u>49,060,444</u>	<u>242,532</u>	<u>49,302,976</u>
LIABILITIES			
Current Liabilities:			
Bonds Payable	1,155,000		1,155,000
Financing Obligations Payable	391,653		391,653
Total Current Liabilities	<u>1,546,653</u>		<u>1,546,653</u>
Noncurrent Liabilities:			
Bonds Payable	17,745,000		17,745,000
Financing Obligations Payable	4,721,923		4,721,923
Total Noncurrent Liabilities	<u>22,466,923</u>		<u>22,466,923</u>
Total Liabilities	<u>24,013,576</u>		<u>24,013,576</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	14,565,535	148,823	14,714,358
Unrestricted	10,481,333	93,709	10,575,042
Total Net Assets	<u>\$ 25,046,868</u>	<u>\$ 242,532</u>	<u>\$ 25,289,400</u>

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

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**CHRISTIAN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For The Year Ended June 30, 2008

CHRISTIAN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Received</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 5,416,669	\$ 306,599	\$ 2,141,698	
Protection to Persons and Property	5,022,097	6,407,034	1,254,263	
General Health and Sanitation	319,301	67,535		358,287
Social Services	83,721			
Recreation and Culture	137,549			
Roads	1,946,924		384,511	1,872,146
Airports	28,830			
Debt Service	889,210			
Capital Projects	1,997,027			
Total Governmental Activities	<u>15,841,328</u>	<u>6,781,168</u>	<u>3,780,472</u>	<u>2,230,433</u>
Business-type Activities:				
Jail Canteen	598,107	625,838		
Total Business-type Activities	<u>598,107</u>	<u>625,838</u>		
Total	<u>\$ 16,439,435</u>	<u>\$ 7,407,006</u>	<u>\$ 3,780,472</u>	<u>\$ 2,230,433</u>

General Revenues:

Taxes:

Real Property Taxes

Personal Property Taxes

Motor Vehicle Taxes

Other Taxes

E-911 Fee

In Lieu of Tax

Sheriff/Clerk 25% Account

Miscellaneous Revenues

Telephone Commissions

Interest Received

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

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

CHRISTIAN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2008
(Continued)

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Totals
\$ (2,968,372)	\$	\$ (2,968,372)
2,639,200		2,639,200
106,521		106,521
(83,721)		(83,721)
(137,549)		(137,549)
309,733		309,733
(28,830)		(28,830)
(889,210)		(889,210)
(1,997,027)		(1,997,027)
(3,049,255)		(3,049,255)
	27,731	27,731
	27,731	27,731
\$ (3,049,255)	\$ 27,731	\$ (3,021,524)
3,348,116		3,348,116
591,572		591,572
290,255		290,255
343,798		343,798
209,346		209,346
236,323		236,323
545,175		545,175
405,349		405,349
263,988		263,988
332,445	1,933	334,378
6,566,367	1,933	6,568,300
3,517,112	29,664	3,546,776
21,529,756	212,868	21,742,624
\$ 25,046,868	\$ 242,532	\$ 25,289,400

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

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CHRISTIAN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2008

CHRISTIAN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2008

	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund	Revolving Loan Fund
ASSETS					
Cash and Cash Equivalents	\$ 6,318,747	\$ 11,952	\$ 643,652	\$ 10,767	\$ 409,811
Total Assets	<u>\$ 6,318,747</u>	<u>\$ 11,952</u>	<u>\$ 643,652</u>	<u>\$ 10,767</u>	<u>\$ 409,811</u>
FUND BALANCES					
Reserved for:					
Encumbrances	\$ 138,048	\$ 9,298	\$ 297,272	\$ 1,288	\$
Unreserved:					
General Fund	6,180,699				
Special Revenue Funds		2,654	346,380	9,479	409,811
Debt Service Fund					
Total Fund Balances	<u>\$ 6,318,747</u>	<u>\$ 11,952</u>	<u>\$ 643,652</u>	<u>\$ 10,767</u>	<u>\$ 409,811</u>

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

CHRISTIAN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
June 30, 2008
(Continued)

E-911 Fee Fund	Industrial Authority Revolving Loan Fund	Public Courthouse Corporation Fund	Total Governmental Funds
\$ 1,176,334	\$ 432,589	\$ 7,063	\$ 9,010,915
\$ 1,176,334	\$ 432,589	\$ 7,063	\$ 9,010,915
\$ 66	\$	\$	\$ 445,972
1,176,268	432,589	7,063	6,180,699 2,377,181 7,063
\$ 1,176,334	\$ 432,589	\$ 7,063	\$ 9,010,915

Reconciliation To Statement Of Net Assets

Total Fund Balances	\$ 9,010,915
Amounts Reported for Governmental Activities in the Statement of Net Assets Are Different Because:	
Notes Receivable is not considered a current resource and therefore, is not reported in the Funds.	294,075
Capital Assets Used in Governmental Activities Are Not Financial Resources and Therefore Are Not Reported in the Funds.	48,195,918
Accumulated Depreciation	(9,616,807)
Internal Service Fund Is Used by Management to Charge the Cost of Health Insurance to Individual Funds. The Assets Are Included in Governmental Activities on the Statement of Net Assets	1,176,343
Long - term Debt Is Not Due and Payable in the Current Period and, Therefore, Is Not Reported in the Funds.	
Bonded Debt	(18,900,000)
Financing Obligations	<u>(5,113,576)</u>
Net Assets of Governmental Activities	<u>\$ 25,046,868</u>

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

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**CHRISTIAN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

For The Year Ended June 30, 2008

CHRISTIAN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
REVENUES				
Taxes	\$ 4,455,814	\$	\$	\$
In Lieu Tax Payments	236,323			
Excess Fees	444,175			
Licenses and Permits	124,537			
Intergovernmental	2,590,270	2,062,282	5,640,153	194,374
Charges for Services	249,597		1,115,206	
Miscellaneous	451,654	20,582	281,085	
Interest	241,160	9,092	15,468	1,307
Total Revenues	<u>8,793,530</u>	<u>2,091,956</u>	<u>7,051,912</u>	<u>195,681</u>
EXPENDITURES				
General Government	2,149,485			14,438
Protection to Persons and Property	322,537		4,361,448	
General Health and Sanitation	313,166			
Social Services	61,646			
Recreation and Culture	124,358			
Roads		3,014,427		168,208
Airports	28,830			
Debt Service	224,343		734,569	
Capital Projects	2,108,729	424,220		
Administration	2,111,381	264,383	1,135,918	
Total Expenditures	<u>7,444,475</u>	<u>3,703,030</u>	<u>6,231,935</u>	<u>182,646</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,349,055</u>	<u>(1,611,074)</u>	<u>819,977</u>	<u>13,035</u>
Other Financing Sources (Uses)				
Financing Agreement Proceeds	96,700			
Transfers To Other Funds	(1,595,000)		(214,161)	(29,289)
Transfers From Other Funds	179,288	1,595,000		
Total Other Financing Sources (Uses)	<u>(1,319,012)</u>	<u>1,595,000</u>	<u>(214,161)</u>	<u>(29,289)</u>
Net Change in Fund Balances	30,043	(16,074)	605,816	(16,254)
Fund Balances - Beginning	6,288,704	28,026	37,836	27,021
Fund Balances - Ending	<u>\$ 6,318,747</u>	<u>\$ 11,952</u>	<u>\$ 643,652</u>	<u>\$ 10,767</u>

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

CHRISTIAN COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2008
(Continued)

Revolving Loan Fund	E-911 Fee Fund	Industrial Authority Revolving Loan Fund	Public Courthouse Corporation Fund	Total Governmental Funds
\$	\$ 209,346	\$	\$	\$ 4,665,160
				236,323
				444,175
				124,537
	199,158		650,438	11,336,675
				1,364,803
		71,141		824,462
13,702	29,030	22,246	440	332,445
<u>13,702</u>	<u>437,534</u>	<u>93,387</u>	<u>650,878</u>	<u>19,328,580</u>
15,000				2,178,923
	272,578			4,956,563
				313,166
				61,646
				124,358
				3,182,635
				28,830
			714,238	1,673,150
				2,532,949
		4	1,142	3,512,828
<u>15,000</u>	<u>272,578</u>	<u>4</u>	<u>715,380</u>	<u>18,565,048</u>
(1,298)	164,956	93,383	(64,502)	763,532
				96,700
				(1,838,450)
			64,162	1,838,450
			64,162	96,700
(1,298)	164,956	93,383	(340)	860,232
411,109	1,011,378	339,206	7,403	8,150,683
<u>\$ 409,811</u>	<u>\$ 1,176,334</u>	<u>\$ 432,589</u>	<u>\$ 7,063</u>	<u>\$ 9,010,915</u>

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

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**CHRISTIAN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For The Year Ended June 30, 2008

CHRISTIAN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 860,232
<p>Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense.</p>	
Capital Outlay	2,697,918
Construction In Progress	535,922
Depreciation Expense	(1,486,675)
<p>Payments received on notes receivable provide a current financial resource to governmental funds while reducing the receivable at the government-wide level. Therefore, the activity has been eliminated on the statement of activities.</p>	
	(71,139)
<p>Internal Service Funds Are Used By Management to Charge the Cost of Health Insurance to Individual Funds. The Net Revenues (Expenses) of This Fund Are Reported with Governmental Activities.</p>	
	182,614
<p>The Issuance of Long-term Debt (e.g. Bonds, Financing Obligations) Provides Current Financial Resources to Governmental Funds while Principal Payments Are Expensed in the Governmental Funds as a Use of Current Financial Resources. These Transactions, however, Have No Effect on Net Assets.</p>	
Financing Obligation Proceeds	(96,700)
Financing Obligations Payments	384,940
Bond Payments	<u>510,000</u>
Change in Net Assets of Governmental Activities	<u>\$ 3,517,112</u>

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

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CHRISTIAN COUNTY
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

June 30, 2008

CHRISTIAN COUNTY
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

June 30, 2008

	Business-Type Activity	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Jail Canteen Fund	Health Insurance Fund
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 93,709	\$ 1,176,343
Total Current Assets	93,709	1,176,343
Noncurrent Assets:		
Capital Assets:		
Vehicles and Equipment	278,911	
Less Accumulated Depreciation	(130,088)	
Total Noncurrent Assets	148,823	
Total Assets	242,532	1,176,343
Net Assets		
Invested in Capital Assets	148,823	
Unrestricted	93,709	1,176,343
Total Net Assets	\$ 242,532	\$ 1,176,343

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

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CHRISTIAN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

CHRISTIAN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

	<u>Business-Type Activity</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Jail Canteen Fund</u>	<u>Health Insurance Fund</u>
Operating Revenues		
Canteen Receipts	\$ 617,993	\$
Reimbursements		1,358,996
Total Operating Revenues	<u>617,993</u>	<u>1,358,996</u>
Operating Expenses		
Cost of Sales	482,388	
Educational and Recreational	77,741	
Depreciation	26,926	
Administrative		1,209,801
Miscellaneous	3,207	
Total Operating Expenses	<u>590,262</u>	<u>1,209,801</u>
Operating Income	<u>27,731</u>	<u>149,195</u>
Nonoperating Revenues (Expenses)		
Interest Income	1,933	33,419
Inmate Funds	1,500	
Inmate Pay From State	6,345	
Inmate Refunds	(7,845)	
Net Nonoperating Revenues (Expenses)	<u>1,933</u>	<u>33,419</u>
Change In Net Assets	29,664	182,614
Total Net Assets - Beginning	<u>212,868</u>	<u>993,729</u>
Total Net Assets - Ending	<u>\$ 242,532</u>	<u>\$ 1,176,343</u>

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

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CHRISTIAN COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

CHRISTIAN COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2008

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Jail Canteen Fund	Health Insurance Fund
Cash Flows From Operating Activities		
Receipts From Customers	\$ 617,993	\$ 1,358,996
Cost of Sales	(482,388)	
Educational and Recreational	(77,741)	
Administrative		(1,209,801)
Miscellaneous	(3,207)	
Net Cash Provided By Operating Activities	54,657	149,195
Cash Flows From Noncapital Financing Activities		
Inmate Pay From State	6,345	
Inmate Funds	1,500	
Inmate Refunds on Accounts	(7,845)	
Net Cash Provided By Noncapital Financing Activities	0	0
Cash Flows From Investing Activities		
Interest Earned	1,933	33,419
Net Cash Provided By Investing Activities	1,933	33,419
Net Increase (Decrease) in Cash and Cash Equivalents	56,590	182,614
Cash and Cash Equivalents - July 1, 2007	37,119	993,729
Cash and Cash Equivalents - June 30, 2008	\$ 93,709	\$ 1,176,343
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 27,731	\$ 149,195
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities		
Depreciation Expense	26,926	
Net Cash Provided By Operating Activities	\$ 54,657	\$ 149,195

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

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CHRISTIAN COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS

June 30, 2008

CHRISTIAN COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS

June 30, 2008

	<u>Agency Fund</u> <u>Dog</u> <u>Warden</u> <u>Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 15,669
Total Assets	<u>\$ 15,669</u>
Liabilities	
Amounts Held In Custody For Others	\$ 15,669
Total Liabilities	<u>\$ 15,669</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENTS**

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CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included or recognized on Balance Sheet- Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however, the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

B. Reporting Entity

The financial statements of Christian County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or their exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. The county has no discretely presented component units.

Blended Component Units

Christian County Public Courthouse Corporation

The Christian County Fiscal Court appoints the Public Courthouse Corporation's governing board and has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of the Public Courthouse Corporation. Financial information for the Public Courthouse Corporation is blended within Christian County's financial statements. All activities of the Public Courthouse Corporation are accounted for within a major (debt service) fund.

Christian County Industrial Authority

The Christian County Fiscal Court appoints the Industrial Authority's governing board and has the ability to impose its will on the governing board. Financial information for the Industrial Authority is blended within Christian County's financial statements. All activities of the Industrial Authority are accounted for within a major (special revenue) fund.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Christian County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Christian 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 officials are not part of the Christian County reporting entity.

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

D. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and 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 lien and sale the 3rd Saturday in April following the delinquency date.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

Governmental Funds

The primary government reports the following major governmental 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 source of revenue for this fund is 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 expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenditures of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, and 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 expenditures separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for coal and mineral tax revenues. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Revolving Loan Fund - The primary purpose of this fund is to account for Community Development Block Grant Revolving Loan proceeds. Loans are made from this fund to local businesses that meet the Department for Local Government criteria for small business loans. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

E-911 Fee Fund - The primary purpose of this fund is to account for 911 tax revenues and emergency services expenditures.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Governmental Funds (Continued)

Industrial Authority Revolving Loan Fund - The purpose of this fund is to account for the activities of the Christian County Industrial Authority, a blended component unit of the county. Activity of this fund includes the repayment of small business loans made by the Revolving Loan Fund. On November 12, 2003, the Department for Local Government approved an ordinance allowing this activity.

Public Courthouse Corporation Fund - The purpose of this fund is to account for the activities of the Public Courthouse Corporation, a blended component unit of the county. The Public Courthouse Corporation issues debt to build major facilities or additions. The Christian County Public Courthouse Corporation entered into a lease/sublease agreement with the Commonwealth of Kentucky, Administrative Office of the Courts to use and sublease all or a portion of certain facilities owned or to be constructed by or on behalf of the County. This lease/sublease agreement expires every two years.

Special Revenue Funds:

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, Revolving Loan Fund, E-911 Fee Fund, and the Industrial Authority Revolving Loan Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Debt Service Funds:

The Public Courthouse Corporation Fund is presented as a debt service fund. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise Fund:

The principal operating revenue of the county's enterprise fund is charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Proprietary Funds (Continued)

The primary government reports the following major proprietary fund:

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

Internal Service Fund

The primary government reports the following internal service fund:

Health Insurance Fund - The Fiscal Court maintains this internal service fund to account for the health insurance provided for other funds, on a cost reimbursement basis.

Fiduciary Funds

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund, Dog Warden Fund, is used to account for dog fees held by the dog warden, for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

E. Deposits and Investments

The government's cash and cash equivalents are 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.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, 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).

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. 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 in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction in Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 25,000	10-60
Buildings	50,000	10-75
Building Improvements	50,000	10-75
Machinery and Equipment	5,000	3-25
Vehicles	5,000	2-40
Infrastructure	25,000	10-50

G. Long-term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes, and financing obligations are reported.

In the fund financial statements, governmental funds recognize 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 expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

H. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Fund Equity (Continued)

“Reserved for Encumbrances” are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance, if applicable.

I. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The State Local Finance Officer does not require formal budget to be adopted for the Industrial Authority Revolving Loan Fund, Public Courthouse Corporation Fund, and the Jail Canteen Fund.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures 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. Expenditures may not exceed budgeted appropriations at the activity level.

J. Related Organizations and Jointly Governed Organizations

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 these criteria, the Christian County Water District is considered a related organization of Christian County Fiscal Court.

A regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that created the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility is a jointly governed organization. Based on these criteria, the following are considered jointly governed organizations of the Christian County Fiscal Court: Hopkinsville-Christian County Airport; Hopkinsville-Christian County Ambulance Service; Hopkinsville-Christian County Communication Center; Hopkinsville-Christian County Convention and Visitors Center; Hopkinsville-Christian County Economic Development Council; Hopkinsville-Christian County Public Library; Hopkinsville-Christian County Recreation Commission; Hopkinsville-Christian County Senior Citizens; and Hopkinsville-Christian County Planning Commission.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 2. Deposits

The primary government 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(4), 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 County 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 county's deposits may not be returned. The county does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2008, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Notes Receivable

- A. The County loaned \$100,000 to Ag Spray Equipment, Inc., on October 6, 1998, for the purpose of financing a building and real estate. Terms of the agreement stipulate a 10-year repayment schedule at 5.5 percent interest. Records indicate that Ag Spray Equipment, Inc., is in substantial compliance with this agreement. As of June 30, 2008, principal balance due was paid in full.
- B. The County loaned \$100,000 to Paris Packaging on July 21, 2003, for the purpose of financing the acquisition of certain assets. Terms of the agreement stipulate a 5-year repayment schedule at 3.0 percent interest. Records indicate that Paris Packaging is in substantial compliance with this agreement. As of June 30, 2008, principal balance due was \$1,792.
- C. The County loaned \$300,000 to Commonwealth Agri Energy, LLC on April 20, 2004 for the purpose of constructing an Ethanol production facility. Terms of the agreement stipulate a 10-year repayment schedule at 3.0 percent interest. Records indicate that Commonwealth Agri Energy, LLC is in substantial compliance with this agreement. As of June 30, 2008, principal balance due was \$211,642.
- D. The County loaned \$100,000 to Maintainer Corporation of Kentucky on April 25, 2006 for the purpose of financing real estate. Terms of the agreement stipulate a 10-year repayment schedule at 4.0 percent interest. Records indicate that Maintainer Corporation is in substantial compliance with this agreement. As of June 30, 2008 was \$80,641.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 3. Notes Receivable (Continued)

These receivables are due to the Industrial Authority Revolving Loan Fund. Notes receivable, as of year-end for the government's individual major funds and all other funds, in the aggregate, including the delinquent principal payments are as follows:

	<u>Amount</u>
Short Term	\$ 34,847
Long Term	<u>259,228</u>
Total Receivables	<u>\$ 294,075</u>

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Reporting Entity</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 2,250,657	\$ 535,922	\$	\$ 2,786,579
Land	2,263,092			2,263,092
Total Capital Assets Not Being Depreciated	<u>4,513,749</u>	<u>535,922</u>		<u>5,049,671</u>
Capital Assets, Being Depreciated:				
Land Improvements	125,096			125,096
Buildings	29,824,475	164,882		29,989,357
Furniture and Office Equipment	907,082	230,600		1,137,682
Vehicles and Equipment	2,530,900	199,557		2,730,457
Infrastructure	7,060,776	2,102,879		9,163,655
Total Capital Assets Being Depreciated	<u>40,448,329</u>	<u>2,697,918</u>		<u>43,146,247</u>
Less Accumulated Depreciation For:				
Land Improvements	(44,099)	(9,892)		(53,991)
Buildings	(3,665,259)	(408,342)		(4,073,601)
Furniture and Office Equipment	(561,694)	(34,763)		(596,457)
Vehicles and Equipment	(1,404,767)	(163,131)		(1,567,898)
Infrastructure	(2,454,313)	(870,547)		(3,324,860)
Total Accumulated Depreciation	<u>(8,130,132)</u>	<u>(1,486,675)</u>		<u>(9,616,807)</u>
Total Capital Assets, Being Depreciated, Net	<u>32,318,197</u>	<u>1,211,243</u>		<u>33,529,440</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,831,946</u>	<u>\$ 1,747,165</u>	<u>\$</u>	<u>\$ 38,579,111</u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 4. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2008 was as follows: (Continued)

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
<u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated:				
Vehicles and Equipment	\$ 278,911		\$	\$ 278,911
Total Capital Assets Being Depreciated	278,911			278,911
Less Accumulated Depreciation For:				
Vehicles and Equipment	(103,162)	(26,926)		(130,088)
Total Accumulated Depreciation	(103,162)	(26,926)		(130,088)
Total Capital Assets, Being Depreciated, Net	175,749	(26,926)		148,823
Business-Type Activities Capital Assets, Net	\$ 175,749	\$ (26,926)	\$ 0	\$ 148,823

Depreciation expense was charged to functions of the government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 303,015
Protection to Persons and Property	182,174
General Health and Sanitation	6,135
Social Services	22,075
Recreation and Culture	13,191
Roads, Including Depreciation of General Infrastructure Assets	960,085
Total Depreciation Expense - Governmental Activities	\$ 1,486,675
<u>Business-Type Activities</u>	
Jail Canteen Fund	\$ 26,926
Total Depreciation Expense - Business-Type Activities	\$ 26,926

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 5. Long-term Debt

A. General Obligation Bonds, Series 1998

The county issued general obligation bonds in the amount of \$4,705,000 on December 1, 1998. The proceeds of the bonds were used to expand, renovate, and improve the Christian County Detention Facility. The bonds bear interest between 3.5% and 4.2%. Payments are due on December 1 and June 1 of each year. The maturity date of the bonds is December 1, 2014. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The balance of these general obligation bonds as of June 30, 2008 was \$2,555,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2009	\$ 99,924	\$ 320,000
2010	86,534	335,000
2011	72,362	350,000
2012	57,435	365,000
2013	41,790	380,000
2014	34,125	805,000
Totals	<u>\$ 392,170</u>	<u>\$ 2,555,000</u>

B. Revenue Bonds, Series 2000

On November 1, 2000, the Christian County Public Courthouse Corporation issued bonds in the amount of \$18,565,000 for the purpose of financing the cost of the acquisition, construction, and equipping of the Justice Center, a court facility, and complete renovations of the Christian County Corrections Center.

The Christian County Public Courthouse Corporation issued Christian County Public Courthouse Corporation (Kentucky) Lease Revenue Refunding Bonds (Court Facility Project), Series 2007 in the amount of \$16,545,000. The proceeds of the Bonds will be used to refund the outstanding Series 2000 Bonds.

C. Revenue Refunding Bonds, Series 2007

The Christian County Public Courthouse Corporation (the "Corporation") was established by the County of Christian, Kentucky (the "County") to act as the agency and instrumentality of the County in acquiring, developing and financing public improvements and public projects. The Corporation issued its Christian County Public Courthouse Corporation Lease Revenue Bonds (District Court Facility Project), Series 2000, dated November 1, 2000, (the "Series 2000 Bonds") for the purpose of acquiring, constructing and furnishing a court facility and the completion of the renovation and improvement of the Christian County Corrections Center located in Hopkinsville, Kentucky.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 5. Long-term Debt (Continued)

C. Revenue Refunding Bonds, Series 2007 (Continued)

The Corporation adopted at the direction of the Fiscal Court of the County, a resolution (the "Resolution") authorizing the Series 2007 Bonds for the purpose of paying the costs associated with the refunding and refinancing of the Series 2000 Bonds.

The proceeds of the Bonds will be used to refund the outstanding Series 2000 Bonds. The refunding of the Series 2000 Bonds will be accomplished pursuant to the Escrow Agreement by and between the Corporation and U. S. Bank, National Association, the paying agent for the Series 2000 Bonds (the "Escrow Agent") by depositing with the Escrow Agent a sum of initial cash and certain noncallable direct obligations of the United States Treasury (collectively, the "Government Obligations"). The funds needed to make the initial cash deposit and to purchase the Government Obligations that will be provided from the proceeds of the Bonds.

The Government Obligations to be purchased and deposited with the Escrow Agent will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that, when paid according to their respective terms, sufficient moneys together with any amounts of cash then on deposit with the Escrow Agent, will be available to fully provide for: (i) the timely payment of interest on the Series 2000 Bonds accruing from August 1, 2007 to and including November 1, 2010 (the earliest date on which such bonds can be redeemed prior to maturity); and (ii) to redeem on November 1, 2010 at a price equal to 101% of principal amount the Series 2000 Bonds which as of that date have not been redeemed, retired or otherwise paid.

All moneys and Government Obligations on deposit with the Escrow Agent, including interest to be earned thereon, are pledged solely and irrevocably for the benefit of the holders of the Series 2000 bonds.

Inasmuch as the cash and Government Obligations on deposit with the Escrow Agent will be sufficient to fully provide for the payment of the principal of the interest on the Series 2000 Bonds, as specified above, said Series 2000 Bonds shall be deemed to be paid.

The Bonds will be secured by a foreclosable first mortgage lien on the Project. The Bonds will also be secured by the assignment by the Corporation of all its right, title and interest to a lease agreement with the County.

Prior to issuance and delivery of the Bonds, copies of the Mortgage Deed of Trust between the Corporation and US Bank, National Association, (the "Trustee") dated as of February 1, 2007 (the "Mortgage") and the Lease Agreement among the Corporation, the County, and the Kentucky Administrative Office of the Courts (the "AOC") dated as of February 1, 2007.

The Bonds in the amount of \$16,545,000 will be dated the date of issuance, will bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year commencing August 1, 2007, at rates ranging from 3.50% to 4.00%. The Bonds will mature on August 1 of each year, in the years and in the principal amounts shown below.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 5. Long-term Debt (Continued)

C. Revenue Refunding Bonds, Series 2007 (Continued)

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2009	\$ 608,069	\$ 835,000
2010	578,406	860,000
2011	547,781	890,000
2012	516,019	925,000
2013	483,119	955,000
2014-2018	1,849,759	5,350,000
2019-2023	673,600	6,530,000
Totals	\$ 5,256,753	\$ 16,345,000

D. Jail Renovation

The Kentucky Local Correctional Facilities Construction Authority, an independent corporate agency and instrumentality of the Commonwealth of Kentucky, issues revenue bonds for the purpose of construction and reconstruction of jail facilities. On June 18, 1992, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$4,081,000 at a 5.863% effective interest rate. The terms of the financing agreement was for 25 years. The maturity date of the financing obligation is February 1, 2017. The principal balance of the obligation at June 30, 2008 was \$2,179,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2009	\$ 85,170	\$ 194,000
2010	77,132	204,000
2011	68,616	216,000
2012	59,726	227,000
2013	50,279	240,000
2014-2018	95,994	1,098,000
Totals	\$ 436,917	\$ 2,179,000

E. Sheriff's Office Renovation

On August 15, 2003, the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$374,769 at a 2.245% effective interest rate. The financing obligation was for the renovation of the Sheriff's office. The maturity date of the obligation is September 20, 2023. The principal balance of the obligation at June 30, 2008 was \$299,088. Annual debt service requirements to maturity are as follows:

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 5. Long-term Debt (Continued)

E. Sheriff's Office Renovation (Continued)

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2009	\$ 11,029	\$ 18,373
2010	10,326	19,077
2011	9,592	19,805
2012	8,846	20,569
2013	8,055	21,355
2014-2018	27,390	119,691
2019-2021	4,881	80,218
Totals	<u>\$ 80,119</u>	<u>\$ 299,088</u>

F. Jail Vehicles - 2005

On March 11, 2005, the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$40,070 at a 2.175% effective interest rate. The financing obligation was for the purchase of two vehicles for the jail. The maturity date of the obligation is March 20, 2009. The principal balance of the financing obligation at June 30, 2008 was \$8,044. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2008	\$ 136	\$ 8,044
Totals	<u>\$ 136</u>	<u>\$ 8,044</u>

G. Sheriff Vehicles - 2005

On April 29, 2005, the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$176,236 at a 4.25% effective interest rate. The financing obligation was for the purchase of nine vehicles for the sheriff. The maturity date of the obligation is July 20, 2009. The principal balance of the financing obligation at June 30, 2008 was \$46,236. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2009	\$ 203	\$ 46,236
Totals	<u>\$ 203</u>	<u>\$ 46,236</u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 5. Long-term Debt (Continued)

H. Sheriff Vehicles - 2006

On July 29, 2005, the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$40,638 at a 3.47% effective interest rate. The financing obligation was for the purchase of two vehicles for the County Police Department. However, the Christian County Fiscal Court abolished and disestablished the police department on September 2, 2006. The Sheriff's office began making payment on the vehicles in January 2007. The maturity date of the obligation is July 20, 2009. The principal balance of the financing obligation at June 30, 2008 was \$20,638. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2009	\$ 696	\$ 10,000
2010	56	10,638
Totals	<u>\$ 752</u>	<u>\$ 20,638</u>

I. Sheriff's Vehicles - 2007

On March 5, 2007, the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$84,870 at a 4.25% effective interest rate. The financing obligation was for the purchase of four vehicles for the Sheriff's Department. The maturity date of the obligation is January 20, 2011. The principal balance of the financing obligation at June 30, 2008 was \$64,870. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2009	\$ 2,373	\$ 20,000
2010	1,613	20,000
2011	685	24,870
Totals	<u>\$ 4,671</u>	<u>\$ 64,870</u>

J. Energy Conservation Project

On February 26, 2007 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$2,500,000 at a 4.25% effective interest rate. The financing obligation was to finance repairs and improvements to the following properties owned by the County. The properties include Courthouse, Courthouse Annex, County Jail, Sheriff's office, Road Department, and Animal Shelter. The maturity date of the obligation is January 20, 2027. The principal balance of the financing obligation at June 30, 2008 was \$2,425,000.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 5. Long-term Debt (Continued)

J. Energy Conservation Project (Continued)

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2009	\$ 91,752	\$ 75,000
2010	88,826	80,000
2011	85,705	85,000
2012	82,586	90,000
2013	78,911	95,000
2014-2018	335,545	555,000
2019-2023	215,609	720,000
2024-2027	62,786	725,000
Totals	<u>\$ 1,041,720</u>	<u>\$ 2,425,000</u>

K. Four Vehicles

On March 6, 2008 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$96,700 at a 4.50% effective interest rate. The financing obligation was used to purchase four vehicles. The maturity date of the obligation is January 20, 2012. The balance of the financing obligation at June 30, 2008 was \$70,700.

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2009	\$ 1,123	\$ 20,000
2010	1,824	20,000
2011	1,073	20,000
2012	370	10,700
Totals	<u>\$ 4,390</u>	<u>\$ 70,700</u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 5. Long-term Debt (Continued)

L. Changes In Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
<u>Governmental Activities:</u>					
General Obligation Bond	\$ 2,865,000	\$	\$ 310,000	\$ 2,555,000	\$ 320,000
Revenue Bonds	16,545,000		200,000	16,345,000	835,000
Financing Obligations:					
Kentucky Association Of Counties Leasing Trust Program					
	5,401,816	96,700	384,940	5,113,576	391,653
Governmental Activities					
Long-term Liabilities	<u>\$ 24,811,816</u>	<u>\$ 96,700</u>	<u>\$ 894,940</u>	<u>\$ 24,013,576</u>	<u>\$ 1,546,653</u>

Note 6. Interest on Long-term Debt and Financing Obligations

Debt Service on the Statement of Activities includes \$262,229 in interest on financing obligations and \$626,842 in interest on bonds.

Note 7. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. 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. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.17 percent. The county's contributions for the years ended June 30, 2006, 2007, and 2008 were \$328,008, \$418,604, and \$478,190 respectively, and were equal to the required contributions each year.

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.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 8. Deferred Compensation

On December 19, 2000, the Christian County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, Kentucky, 40601-8862, or by telephone at (502) 573-7925.

Note 9. Insurance

For the fiscal year ended June 30, 2008, Christian County 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 a 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. Health Insurance

Christian County Fiscal Court elected to begin a partially self-funded health insurance plan for fiscal year ended June 30, 1998. This partially self-funded insurance plan covers all county employees, and the county pays for each county employee's individual coverage. Christian County contracted with Anthem Blue Cross and Blue Shield to administer the employee benefit plan for the 2007-2008 fiscal year.

This partially self-funded insurance plan has two distinct components that the fiscal court must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Incurred fixed costs for fiscal year ending June 30, 2008 were \$230,337. The second component is the claims cost, all of which Christian County is responsible to pay as they incur. Once an individual exceeds \$40,000 in claims or the County's aggregate claims exceed the predetermined maximum, the County will receive a reimbursement credit from the reinsurance carrier. Incurred claims for fiscal year ended June 30, 2008 were \$997,052. Christian County Fiscal Court's contract with Anthem Blue Cross and Blue Shield has no terminal liability provision and the Court is responsible to pay all run-out claims after termination. The Health Insurance Fund had a balance of \$1,176,343 as of June 30, 2008.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 11. Restatement of Beginning Net Assets

Beginning net assets of the governmental-type activities were restated by \$52,500 for prior year construction in progress and rounding difference of \$(2). The restated governmental-type net assets are \$21,529,756.

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**CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
REQUIRED SUPPLEMENTARY INFORMATION**

For The Year Ended June 30, 2008

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information - Modified Cash Basis

For The Year Ended June 30, 2008

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 4,183,900	\$ 4,183,900	\$ 4,455,814	\$ 271,914
In Lieu Tax Payments	192,414	192,414	236,323	43,909
Excess Fees	392,000	392,000	444,175	52,175
Licenses and Permits	122,000	122,000	124,537	2,537
Intergovernmental Revenue	4,538,360	4,538,360	2,590,270	(1,948,090)
Charges for Services	232,700	232,700	249,597	16,897
Miscellaneous	169,880	169,880	451,654	281,774
Interest	185,000	185,000	228,882	43,882
Total Revenues	<u>10,016,254</u>	<u>10,016,254</u>	<u>8,781,252</u>	<u>(1,235,002)</u>
EXPENDITURES				
General Government	2,605,215	2,641,571	2,149,485	492,086
Protection to Persons and Property	459,969	473,282	322,537	150,745
General Health and Sanitation	307,651	317,653	313,166	4,487
Social Services	66,700	74,411	61,646	12,765
Recreation and Culture	127,957	129,007	124,358	4,649
Airports	37,500	37,500	28,830	8,670
Debt Service	229,478	229,478	224,343	5,135
Capital Projects	3,270,500	3,270,500	2,012,115	1,258,385
Administration	2,301,137	2,232,705	1,917,260	315,445
Total Expenditures	<u>9,406,107</u>	<u>9,406,107</u>	<u>7,153,740</u>	<u>2,252,367</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>610,147</u>	<u>610,147</u>	<u>1,627,512</u>	<u>1,017,365</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds			179,288	179,288
Transfers To Other Funds	(3,221,911)	(3,221,911)	(1,789,121)	1,432,790
Total Other Financing Sources (Uses)	<u>(3,221,911)</u>	<u>(3,221,911)</u>	<u>(1,609,833)</u>	<u>1,612,078</u>
Net Changes in Fund Balance	(2,611,764)	(2,611,764)	17,679	2,629,443
Fund Balance - Beginning	<u>2,611,764</u>	<u>2,611,764</u>	<u>5,974,115</u>	<u>3,362,351</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,991,794</u>	<u>\$ 5,991,794</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2008
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 1,740,240	\$ 1,740,240	\$ 2,062,282	\$ 322,042
Miscellaneous	12,100	12,100	20,582	8,482
Interest	5,000	5,000	9,092	4,092
Total Revenues	<u>1,757,340</u>	<u>1,757,340</u>	<u>2,091,956</u>	<u>334,616</u>
EXPENDITURES				
Roads	3,913,169	3,923,169	3,014,427	908,742
Capital Projects	425,000	425,000	424,220	780
Administration	197,108	187,108	159,537	27,571
Total Expenditures	<u>4,535,277</u>	<u>4,535,277</u>	<u>3,598,184</u>	<u>937,093</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(2,777,937)</u>	<u>(2,777,937)</u>	<u>(1,506,228)</u>	<u>1,271,709</u>
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	(193,974)	(193,974)	(104,846)	89,128
Transfers From Other Funds	2,961,911	2,961,911	1,595,000	(1,366,911)
Total Other Financing Sources (Uses)	<u>2,767,937</u>	<u>2,767,937</u>	<u>1,490,154</u>	<u>(1,277,783)</u>
Net Changes in Fund Balance	(10,000)	(10,000)	(16,074)	(6,074)
Fund Balance - Beginning	<u>10,000</u>	<u>10,000</u>	<u>28,026</u>	<u>18,026</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,952</u>	<u>\$ 11,952</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2008
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 4,845,246	\$ 4,845,246	\$ 5,640,153	\$ 794,907
Charges for Services	1,221,300	1,221,300	1,115,206	(106,094)
Miscellaneous	202,600	202,600	281,085	78,485
Interest	12,000	12,000	15,468	3,468
Total Revenues	<u>6,281,146</u>	<u>6,281,146</u>	<u>7,051,912</u>	<u>770,766</u>
EXPENDITURES				
Protection to Persons and Property	4,268,454	4,361,448	4,361,448	
Debt Service	803,942	798,731	734,569	64,162
Administration	781,912	694,129	687,138	6,991
Total Expenditures	<u>5,854,308</u>	<u>5,854,308</u>	<u>5,783,155</u>	<u>71,153</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>426,838</u>	<u>426,838</u>	<u>1,268,757</u>	<u>841,919</u>
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	(602,926)	(602,926)	(662,941)	(60,015)
Total Other Financing Sources (Uses)	<u>(602,926)</u>	<u>(602,926)</u>	<u>(662,941)</u>	<u>(60,015)</u>
Net Changes in Fund Balance	(176,088)	(176,088)	605,816	781,904
Fund Balance - Beginning	176,088	176,088	37,836	(138,252)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 643,652</u>	<u>\$ 643,652</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2008
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 500,000	\$ 500,000	\$ 194,374	\$ (305,626)
Interest			1,307	1,307
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>195,681</u>	<u>(304,319)</u>
EXPENDITURES				
General Government	250,000	250,000	14,438	235,562
Roads	260,000	260,000	168,208	91,792
Total Expenditures	<u>510,000</u>	<u>510,000</u>	<u>182,646</u>	<u>327,354</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>13,035</u>	<u>23,035</u>
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds			(29,289)	(29,289)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(29,289)</u>	<u>(29,289)</u>
Net Changes in Fund Balance	(10,000)	(10,000)	(16,254)	(6,254)
Fund Balance - Beginning	10,000	10,000	27,021	17,021
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,767</u>	<u>\$ 10,767</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2008
(Continued)

	REVOLVING LOAN FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 100	\$ 100	\$	\$ (100)
Interest	15,000	15,000	13,702	(1,298)
Total Revenues	<u>15,100</u>	<u>15,100</u>	<u>13,702</u>	<u>(1,398)</u>
EXPENDITURES				
General Government	420,100	420,100	15,000	405,100
Total Expenditures	<u>420,100</u>	<u>420,100</u>	<u>15,000</u>	<u>405,100</u>
Net Changes in Fund Balances	(405,000)	(405,000)	(1,298)	403,702
Fund Balances - Beginning	<u>405,000</u>	<u>405,000</u>	<u>411,109</u>	<u>6,109</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 409,811</u>	<u>\$ 409,811</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2008
(Continued)

	E-911 FEE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 213,000	\$ 213,000	\$ 209,346	\$ (3,654)
Intergovernmental Revenue	170,000	170,000	199,158	29,158
Miscellaneous	100	100		(100)
Interest	5,050	5,050	29,030	23,980
Total Revenues	<u>388,150</u>	<u>388,150</u>	<u>437,534</u>	<u>49,384</u>
EXPENDITURES				
Protection to Persons and Property	898,150	898,150	272,578	625,572
Administration	10,000	10,000		10,000
Total Expenditures	<u>908,150</u>	<u>908,150</u>	<u>272,578</u>	<u>635,572</u>
Net Changes in Fund Balances	(520,000)	(520,000)	164,956	684,956
Fund Balances - Beginning	<u>520,000</u>	<u>520,000</u>	<u>1,011,378</u>	<u>491,378</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,176,334</u>	<u>\$ 1,176,334</u>

**CHRISTIAN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2008

Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The Department for Local Government does not require the county to budget the Industrial Authority Revolving Loan Fund.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures 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. Expenditures may not exceed budgeted appropriations at the activity level.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Modified Cash Basis differs from the budgetary comparison schedules of the General Fund, Road Fund, and Jail Fund which have been modified to reflect the following changes: (see following pages)

CHRISTIAN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008
(Continued)

GENERAL FUND	Actual Amounts, (Budgetary Basis)	Adjustments See Notes Below	Adjusted Actual
REVENUES			
Taxes	\$ 4,455,814	\$	\$ 4,455,814
In Lieu Tax Payments	236,323		236,323
Excess Fees	444,175		444,175
Licenses and Permits	124,537		124,537
Intergovernmental Revenue	2,590,270		2,590,270
Charges for Services	249,597		249,597
Miscellaneous	451,654		451,654
Interest - Note A	228,882	12,278	241,160
Total Revenues	8,781,252	12,278	8,793,530
EXPENDITURES			
General Government	2,149,485		2,149,485
Protection to Persons and Property	322,537		322,537
General Health and Sanitation	313,166		313,166
Social Services	61,646		61,646
Recreation and Culture	124,358		124,358
Airports	28,830		28,830
Debt Service	224,343		224,343
Capital Projects - Note B	2,012,115	96,614	2,108,729
Administration - Note C	1,917,260	194,121	2,111,381
Total Expenditures	7,153,740	290,735	7,444,475
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	1,627,512	(278,457)	1,349,055
OTHER FINANCING SOURCES (USES)			
Financing Agreement Proceeds - Note D		96,700	96,700
Transfers from Other Funds	179,288		179,288
Transfers to Other Funds - Note C	(1,789,121)	194,121	(1,595,000)
Total Other Financing Sources (Uses)	(1,609,833)	290,821	(1,319,012)
Net Changes in Fund Balances	17,679	12,364	30,043
Fund Balances - Beginning - Note E	5,974,115	314,589	6,288,704
Fund Balances - Ending	\$ 5,991,794	\$ 326,953	\$ 6,318,747

Notes:

- A. Interest earned on KACOLT Acquisition Accounts.
- B. Capital Assets purchased from KACOLT Acquisition Accounts.
- C. Adjustment for Health Insurance Fund.
- D. KACOLT Financing Agreement Proceeds.
- E. Prior year surplus earned on KACOLT Acquisition Accounts.

CHRISTIAN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008
(Continued)

ROAD FUND	Actual Amounts, (Budgetary Basis)	Adjustment for Health Insurance Fund	Adjusted Actual
REVENUES			
Intergovernmental Revenue	\$ 2,062,282	\$	\$ 2,062,282
Miscellaneous	20,582		20,582
Interest	9,092		9,092
Total Revenues	2,091,956		2,091,956
EXPENDITURES			
Roads	3,014,427		3,014,427
Capital Projects	424,220		424,220
Administration	159,537	104,846	264,383
Total Expenditures	3,598,184	104,846	3,703,030
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(1,506,228)	(104,846)	(1,611,074)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	1,595,000		1,595,000
Transfers to Other Funds	(104,846)	104,846	(0)
Total Other Financing Sources (Uses)	1,490,154	104,846	1,595,000
Net Changes in Fund Balances	(16,074)		(16,074)
Fund Balances - Beginning	28,026		28,026
Fund Balances - Ending	\$ 11,952	\$ 0	\$ 11,952

CHRISTIAN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008
(Continued)

JAIL FUND	Actual Amounts, (Budgetary Basis)	Adjustment for Health Insurance Fund	Adjusted Actual
REVENUES			
Intergovernmental Revenue	\$ 5,640,153	\$	\$ 5,640,153
Charges for Services	1,115,206		1,115,206
Miscellaneous	281,085		281,085
Interest	15,468		15,468
Total Revenues	7,051,912		7,051,912
EXPENDITURES			
Protection to Persons and Property	4,361,448		4,361,448
Debt Service	734,569		734,569
Administration	687,138	448,780	1,135,918
Total Expenditures	5,783,155	448,780	6,231,935
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	1,268,757	(448,780)	819,977
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds			0
Transfers to Other Funds	(662,941)	448,780	(214,161)
Total Other Financing Sources (Uses)	(662,941)	448,780	(214,161)
Net Changes in Fund Balances	605,816		605,816
Fund Balances - Beginning	37,836		37,836
Fund Balances - Ending	\$ 643,652	\$ 0	\$ 643,652

**CHRISTIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Fiscal Year Ended June 30, 2008

**CHRISTIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Fiscal Year Ended June 30, 2008

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	
<u>U.S. Election Commission</u>			
Passed-Through State Board of Elections			
Help America Vote Act (CFDA #90.401)	N/A	\$ 207,000	***
<u>U.S. Office of National Drug Control Policy</u>			
Passed-Through State Justice and Public Safety Cabinet			
Alcohol and Drug Treatment Grant (CFDA #07.000)	N/A	52,229	
<u>U.S. Department of Housing and Urban Development</u>			
Passed-Through State Department for Local Government:			
Community Development Block Grants - State's Program - Legions Circle (CFDA # 14.228)	04-050	229,015	
Community Development Block Grants - State's Program - Trilogy Recovery Center (CFDA # 14.228)	05-007	<u>70,000</u>	
Total U. S. Department of Housing and Urban Development		<u>299,015</u>	***
<u>U.S. Environmental Protection Agency</u>			
Special Purpose Program- Legions Circle Grant (CFDA #66.606)	XP-96445506	41,331	
<u>U.S. Department of Homeland Security</u>			
Passed-Through State Department of Military Affairs:			
Emergency Management Performance Grants (CFDA #97.042)	N/A	21,716	

CHRISTIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
Fiscal Year Ended June 30, 2008

Federal Grantor	Pass-Through	
Program Title	Grantor's Number	Expenditures
<u>Grant Name (CFDA #)</u>		
<u>U.S. Department of Justice</u>		
Passed-Through State Department Of Justice:		
Juvenile Justice and Delinquency Prevention		
Allocation to States		
(CFDA #16.540)	2004-JF-FX-0046	\$ 15,162
Edward Byrne Memorial Formula Grant Program		
(CFDA #16.579)	2007-DJ-BX-0833	<u>20,410</u>
Total U. S. Department of Justice		<u>35,572</u>
Total Expenditures of Federal Awards		<u>\$ 656,863</u>

*** Tested as Major Program or Cluster

CHRISTIAN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Other Supplementary Information
Fiscal Year Ended June 30, 2008

Note 1 – The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Christian County, Kentucky and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive
Members of the Christian County Fiscal Court

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

We have audited the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Christian County, Kentucky, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 13, 2009. Christian County's financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Christian County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Christian County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Christian County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the following deficiencies described in the schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting: 2008-1, 2008-2, 2008-3, 2008-4, and 2008-5.



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

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements would not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies and, accordingly, would not necessarily disclose all deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies listed above to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Christian County's financial statements are free of material misstatements we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the schedule of findings and questioned costs as items: 2008-6, 2008-7, 2008-8, 2008-9, 2008-10, and 2008-11.

Christian County's responses to the findings identified in our audit are included in the schedule of findings and questioned costs. We did not audit their responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Christian County Fiscal Court, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

July 13, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive
Members of the Christian County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Christian County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Christian County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Christian County's management. Our responsibility is to express an opinion on Christian County's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Christian County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Christian County's compliance with those requirements.

In our opinion, Christian County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Christian County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Christian County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Christian County's internal control over compliance.



Report On Compliance with Requirements Applicable To Each Major Program
And On Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance (Continued)

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program, will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

July 13, 2009

**CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2008

**CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Fiscal Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the governmental activities, business-type activities, and each major fund of Christian County, Kentucky.
2. Five significant deficiencies, which are also considered to be material weaknesses, relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. Six instances of noncompliance material to the financial statements of Christian County were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Christian County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Christian County reported in Part C of this schedule.
7. The programs tested as major program were: Community Development Block Grant (CFDA# 14.228) and Help America Vote Act (CFDA# 90.401)
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Christian County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES/MATERIAL WEAKNESSES

2008-1 Sales From Vending Machines Were Not Recorded To Support Deposits Made Into The Canteen Fund And Lack Of Adequate Segregation Of Duties Existed Over Vending Machine Activities For The First Half Of The Fiscal Year

Lack of source documentation existed for vending machine sales of the Detention Center for the first 6 months (July 2007 through December 2007) of the fiscal year. Additionally, a lack of segregation of duties existed over the accounting function. One employee collected canteen fees, prepared deposits, made deposits, ordered inventory, filled vending machines with inventory, filled change machines and made payments to vendors. All transactions are made with cash and inmates carry cash while incarcerated. Large amounts of cash are maintained on site. Underlying source documentation were not generated and maintained to support sales from vending machines for the first 6 months of the fiscal year.

However, in January 2008, the Detention Center implemented compensating controls to offset the lack of segregation of duties. The following prior year recommendations were implemented:

1. Vending machines were reprogrammed so that a canteen sales figure could be reported.
2. Two deputies are present when a vending machine is opened.
3. Two deputies determine the sales from vending machines and report the sales to the Jailer. Signatures of both deputies are on the report to the Jailer.
4. Two different deputies refill the machine, refill the change tray, and empty the machine of any other currency and change. These deputies prepare the deposit and sign the deposit slip.

We recommend the Jailer require these compensating controls continue to be maintained in order to adequately protect against misappropriation of assets and/or fraudulent financial reporting.

Response of Christian County Government: The Christian County Jailer plans to maintain the compensating controls that were implemented in January 2008. These controls will be periodically reviewed for effectiveness.

**CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2008
(Continued)**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

SIGNIFICANT DEFICIENCIES/MATERIAL WEAKNESSES (Continued)

2008-2 The Christian County Detention Center Should Review And Update Its Financial Management System

The current accounting system implemented at the Detention Center requires inmates to make payments in cash for commissary sales and inmate fees, which are charges to the inmates for medical expenses, booking fees, and other charges. All transactions are made with cash. Inmates are allowed to carry cash while they are in the Detention Center, and large amounts of cash are maintained at the Detention Center to make change for inmates. The current system exposes the Jailer to a higher degree of risk of misappropriation of cash due to the large amount processed and maintained by the Detention Center.

We recommend that the Jailer develop an integrated accounting system for both inmate fees and commissary sales that does not require inmates to carry cash or pay with cash while they are in the Detention Center. A real-time software management system would be required to implement this recommendation. The current manual system in addition to a software management system should be used to keep track of cash obtained from inmates during booking.

Response of Christian County Government: The Christian County Jailer has reviewed and updated its financial management system for both inmate fees and commissary sales. Numerous verification procedures for the receipt and deposit of all cash received from commissary sales and inmate fees have been implemented.

2008-3 The Jailer Should Have Required Daily Deposits For The Jail Inmate Fee Account For The First Half Of The Fiscal Year

Deposits were not made into the Jail Fund Inmate Fee Account for the months of July 2007, September 2007, and October 2007. KRS 68.210 prescribes minimum accounting requirements, which include deposits of receipts intact on a daily basis. However in December 2007, the Jailer re-organized the administrative function of the Detention Center and required daily deposits or deposits when receipts on hand are greater than \$500. We recommend the Jailer continue to require daily intact deposits of inmate fees into the Jail Fund Inmate Fee Account in order to be in compliance with KRS 68.210 and best practices for good accounting internal controls.

Response of Christian County Government: The Christian County Jailer will continue to require daily deposits of inmate fees into the Jail Fund Inmate Fee Account.

CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2008
(Continued)

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

SIGNIFICANT DEFICIENCIES/MATERIAL WEAKNESSES (Continued)

2008-4 The Christian County Detention Center Lacked Adequate Segregation Of Duties Over The Accounting Functions For The First Half Of The Fiscal Year

A lack of segregation of duties existed over the accounting function at the Detention Center for the first six months (July to December 2007) of the fiscal year. One employee collected inmate fees, prepared deposits, made deposits, prepared monthly reports, remitted monthly reports along with inmate fees to the county treasurer, reconciled the bank account and made payments from the bank account. However in December 2007, the Jailer re-organized the administrative function of the Detention Center and implemented the following compensating controls:

- a) Two Deputies count money.
- b) The amount is put into SOMS in the intake screen and also written on the activity log.
- c) One deputy fills out receipt with inmate name, amount, and the purpose. Two deputies initial receipt and prepare invoice from SOMS.
- d) Inmate is given white copy of receipts and invoice (SOMS) copy of what they paid, yellow copy goes in envelope with money unsealed.
- e) Supervisor counts money then initials along with deputy on outside of envelope, seals and puts in locked moneybox.
- f) Major or Captain gets the envelopes out of locked box, tallies receipts and money and initials the receipt book.
- g) Administrative Assistant receives money from Major or Captain, recounts and then writes down the receipt numbers, dates and amounts in log book and both initial. Administrative Assistant then puts the adding machine tape with receipts, money and locked in drawer.

We recommend the Jailer require these compensating controls be continued in order to provide protection from asset misappropriation and/or fraudulent financial reporting.

Response of Christian County Government: As noted above, the Christian County Jailer has reorganized the administrative function of the Detention Center and instituted the controls recommended by the Auditor's Office as a result of the preceding year's audit. The Christian County Jailer utilized additional administrative staff in order to provide for segregation of duties. The Jailer plans to maintain the compensating controls currently in place to ensure adequate safeguards exist with regard to asset misappropriation and fraudulent financial reporting.

CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2008
(Continued)

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

SIGNIFICANT DEFICIENCIES/MATERIAL WEAKNESSES (Continued)

2008-5 Dog Warden Deposits Were Not Made Timely

During testing we noted that deposits were not made daily. Deposits were made weekly or less. In some months only two deposits were made. KRS 68.210 prescribes minimum accounting requirements, which include deposits of receipts intact on a daily basis. We recommend the Fiscal Court require the Dog Warden to make daily deposits in order to be in compliance with KRS 68.210 and best practices for good accounting internal controls.

Response of Christian County Government: Christian County Government has always maintained a policy of daily deposits to the Dog Warden account. Staff has been instructed as to the importance of this requirement and a control has been implemented to ensure compliance.

STATE LAWS AND REGULATIONS

2008-6 Sales Tax Was Not Remitted To The Kentucky Department Of Revenue In A Timely Manner

The Jailer received notice in November of 2007 from the Kentucky Department Of Revenue that the Detention Center was delinquent in making sales tax remissions. The employee in charge of remitting sales tax admitted that payments had not been made since October 2006 and the Jailer required the delinquent sales tax payments be made immediately. Sales tax totaling \$25,068 due the Department of Revenue for November 2006 through June 2007 was remitted on December 5, 2007. The Detention Center made monthly payments for sales tax to the Department of Revenue beginning in January 2008 and is in compliance with KRS 139.550. We recommend the Jail Commissary continue to remit sales tax to the Kentucky Department of Revenue monthly as prescribed by KRS 139.550.

Response of Christian County Government: As noted in this comment, the Detention Center made monthly payments for sales tax beginning in January 2008 and are in compliance with KRS 139.550. The Christian County Jail's internal control policies ensure compliance with this requirement.

2008-7 The Jailer Should Have Required Monthly Payments To The Jail Fund For Inmate Fees

Inmate Fees were not distributed to the Fiscal Court during July 2007, however these fees were distributed in later months. KRS 441.265 allows for the collections of these reimbursement fees and section (4) states, “[a]ny fees or reimbursement received under this section shall be forwarded to the county treasurer for placement in the jail’s budget.” KRS 68.210 prescribes minimum accounting requirements, which include a monthly report by the treasurer that includes all receipts collected for the county. However in December 2007, the Jailer re-organized the administrative function of the Detention Center and monitored monthly payments to the Jail Fund for inmate fees. We recommend the Jailer continue to require monthly payments to the jail fund for inmate fees in order to be in compliance with KRS 441.265 and 68.210.

Response of Christian County Government: As noted above, in December 2007, the Jailer reorganized the administrative function of the Detention Center. Payments and reports for inmate fees collected have been submitted each month since the reorganization of the administrative function and the implementation of additional internal controls with regard to cash disbursements and financial reporting.

CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2008
(Continued)

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

STATE LAWS AND REGULATIONS (Continued)

2008-8 All Jail Expenditures Should Be Budgeted

During the fiscal year ended June 30, 2008, the former and current Jailers made equipment purchases totaling \$22,528 and sent the invoices to Securus. Securus paid the vendors directly. Since the county treasurer did not receive the equipment allowance, a total of \$22,528 was not included in the county's financial statements as budgeted receipts and budgeted expenditures for fiscal year end June 30, 2008. In addition, we could find no indication that the expenditures were presented to the fiscal court for approval prior to payment. The unexpended balance of the equipment account was \$23,424 as of June 30, 2008.

KRS 441.225 states (1) Except for capital improvements, utilities and building insurance and except as provided in subsection (2) of this section, the jailer shall have authority to authorize expenditures from the jail budget. Such expenditures shall only be made in accordance with the line item jail budget duly adopted or amended by the fiscal court and the established county procurement code or purchase order procedure of the county. Payment for purchases for the jail shall be subject to fiscal court approval prior to payment. The fiscal court shall not withhold approval of payment for jail expenditures, which are within the jail budget and not unlawful.

We recommend that all telephone commissions account activity be amended as necessary, into the county's budget. Invoices should be presented to the fiscal court for review prior to payment and approved payments should be recorded in the county's appropriation ledger as budgeted expenditures.

Response of Christian County Government: The Christian County Jail policy requires that all invoices be presented to the fiscal court for review prior to payment. Approved payments are recorded in the appropriation ledger as budgeted expenditures. The expenditures described above were presented to fiscal court on October 28, 2008. All telephone commissions account activity shall be included in the county's budget.

2008-9 Encumbrances Of The Jail Fund Were Understated By \$261,040 On The 4th Quarterly Report For June 30, 2008

Christian County previously reported encumbrances totaling \$297,292 in the Jail Fund as of June 30, 2008. The Current Jailer found an additional bill totaling \$261,040 after the dismissal of the Jail Administrative Assistant during fiscal year ended June 30, 2008. While we understand the Fiscal Court was unaware of the bill, encumbrances (representing invoices not paid as of June 30, 2008) were understated by \$261,040. The general fund had sufficient funds available to cover these jail invoices. We recommend the Fiscal Court take appropriate steps to make sure all invoices are turned over in a timely manner for approval, subsequent payment, and proper reporting.

Response of Christian County Government: The administrative function of the Christian County Jail has been reorganized and additional staff has been utilized to provide oversight and prevent recurrence of this issue.

CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2008
(Continued)

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

STATE LAWS AND REGULATIONS (Continued)

2008-10 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days

Jail invoices from the current and prior fiscal years were not paid in within thirty working days as a result of the invoices being held at the jail. These invoices were discovered after the dismissal of the Jail Administrative Assistant. Also, due to the process of re-pricing medical bills, most medical bills are paid after thirty (30) working days of receipt. KRS 65.140 states, "...all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor." We recommend the fiscal court comply with KRS 65.140 by paying all invoices for goods or services in full within thirty (30) working days of receipt of a vendor's invoice. We also recommend that the Jailer submit invoices to the Finance Officer on a timely basis so that the invoices can be paid timely.

Response of Christian County Government: Christian County government makes every effort to comply with the thirty day requirement with regard to payment of vendors invoices. However, substantial cost savings are realized as a result of re-pricing medical bills at reduced rates.

2008-11 Credit Card Travel Expenditures Should Be Made In Accordance With The County's Travel Policy

Travel expenditures were not made in accordance with the County's travel policy. We noted receipts that were incomplete as to the nature of the expense. The County's travel policy states "No expenses shall be reimbursed which are not directly related to job related purposes or other purposes directly related to County business." We recommend the Fiscal Court require all employees and officials comply with the County's travel policy by submitting detailed receipts and eliminating all expenditures that are not necessary as they relate to the business of the Christian County. We also recommend the fiscal court closely review these expenditures before payment is approved.

Response of Christian County Government: As noted, the Administrative Code of Christian County, Kentucky states that no expenses shall be reimbursed which are not directly related to a job related purpose or other purposes directly related to county business. It is the expectation of county government that receipts be obtained for all travel related expenses. We are unaware of any violations of the County's travel policy. As additional verification as to strict compliance with said policy, the County distributed a memorandum to County officials and Department Heads that re-emphasizes the requirement of submitting credit card receipts, including supporting details, as to all travel expenses.

CHRISTIAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2008
(Continued)

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM
AUDIT**

None.

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

2007-1 Inmate Fees Of \$39,385 Were Missing From The Christian County Detention Center
*This amount was disclosed in the 2007 Audit. The amount missing for FYE 6-3-08 was \$2,434.39.
Auditor will not disclose 2008 portion since it was included in the amount disclosed by the 2007 audit.*

2007-2 Sales From Vending Machines Were Not Recorded To Support Deposits Made Into The
Canteen Fund And A Lack Of Segregation Of Duties Existed Over Vending Machine
Activities
Comment modified and repeated- 2008-1

2007-3 The Christian County Detention Center Lacked Adequate Segregation Of Duties Over
Accounting Functions
Comment modified and repeated- 2008-4

2007-4 The Christian County Detention Center Should Review Its Financial Management System
Comment modified and repeated- 2008-2

2007-5 Sales Tax Was Not Remitted To The Kentucky Department Of Revenue In A Timely Manner
Comment modified and repeated- 2008-6

2007-6 The Jailer Should Have Required Daily Deposits For The Jail Inmate Fee Account
Comment modified and repeated- 2008-3

2007-7 The Jailer Should Have Required Monthly Payments To The Jail Fund For Inmate Fees
Comment modified and repeated- 2008-7

2007-8 Credit Card Travel Expenditures Should Be Made In Accordance With The Fiscal Court's
Travel Policy
Comment modified and repeated- 2008-11

2007-9 All Jail Expenditures Should Be Budgeted And The Sheriff's Office Should Reimburse The
Jail Fund For Expenditures Made For The Sheriff's Office With Unbudgeted Jail Funds
Comment modified and repeated- 2008-8

2007-10 Encumbrances Of The Jail Fund Were Understated By \$359,893 On The 4th Quarterly Report
For June 30, 2007
Comment modified and repeated- 2008-9

2007-11 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days
Comment modified and repeated- 2008-10

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LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

CHRISTIAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2008

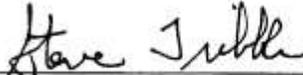
CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

CHRISTIAN COUNTY FISCAL COURT

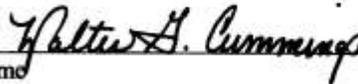
For The Fiscal Year Ended June 30, 2008

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



Name

County Judge/Executive



Name

County Treasurer

