

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

**For The Fiscal Year Ended  
June 30, 2010**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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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

The enclosed report prepared by Mountjoy Chilton Medley, LLP, presents the 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, 2010, which collectively comprise the County's basic financial statements.

We engaged Mountjoy Chilton Medley, LLP to perform the audit of these financial statements. We worked closely with the firm during our report review process; Mountjoy Chilton Medley, LLP evaluated Christian County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script that reads "Crit Luallen".

Crit Luallen

Auditor of Public Accounts

Enclosure





## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CHRISTIAN COUNTY FISCAL COURT**

**June 30, 2010**

Mountjoy Chilton Medley, LLP has completed the audit of the Christian County Fiscal Court for fiscal year ended June 30, 2010. We have issued unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. In accordance with OMB Circular A-133, we have issued an unqualified opinion on the compliance requirements that are applicable to Christian County's major federal program: Community Development Block Grant (CFDA 14.228 and 14.255).

#### **Financial Condition:**

The fiscal court had total net assets of \$29,446,157 as of June 30, 2010. The fiscal court had unrestricted net assets of \$12,602,803 in its governmental activities as of June 30, 2010, with total net assets of \$29,273,576. In its business-type activities, total cash and cash equivalents were \$60,480 with total net assets of \$172,581. The fiscal court had total debt principal as of June 30, 2010 of \$23,174,010 with \$1,669,670 due within the next year.

#### **Report Comments:**

2010-1 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days

#### **Deposits:**

As of June 30, 2010, the fiscal court's deposits were insured and collateralized by bank securities.



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Mountjoy  
Chilton  
Medley

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, 2010, 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's management. 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 in accordance 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, 2010, 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 to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2011, 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 accompanying schedule of findings and questioned costs, included herein, which discusses the following report comment:

2010-1 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days

Respectfully submitted,



Mountjoy Chilton Medley, LLP

February 11, 2011

**CHRISTIAN COUNTY OFFICIALS**

**For The Year Ended June 30, 2010**

**Fiscal Court Members:**

Steve Tribble	County Judge/Executive
Edwin Long	County Magistrate
Rudolph Pettus	County Magistrate
Jack Lackey	County Magistrate
Mark Cansler	County Magistrate
Bill Bruce	County Magistrate

**Other Elected Officials:**

J. Michael Foster	County Attorney
Bradley Boyd	Jailer
Mike Kem	County Clerk
Gary Haddock	Circuit Court Clerk
Livy Leavell, Jr.	Sheriff
Angela Strader	Property Valuation Administrator
Dorris Lamb	Coroner

**Appointed Personnel:**

Walter Cummings	County Treasurer
Nita Leavell	County Finance Officer



EXECUTIVE OFFICES

# CHRISTIAN COUNTY

515 WEBER STREET  
HOPKINSVILLE, KENTUCKY 42240

STEVE TRIBBLE  
COUNTY JUDGE EXECUTIVE

TELEPHONE  
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## **Management's Discussion and Analysis June 30, 2010**

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, 2010.

### **Financial Highlights**

- Christian County had total net assets of \$29,446,157 as of June 30, 2010. The fiscal court had unrestricted net assets of \$12,602,803 in the governmental activities as of June 30, 2010, with total net assets of \$29,273,576. In the enterprise fund, cash and cash equivalents were \$60,480 with total assets of \$172,581. Total debt for governmental activities principal as of June 30, 2010 was \$23,174,010 with \$1,669,670 due within one year.
- The governmental activities' total net assets increased by \$2,092,384 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 \$11,597,646. Of this amount, \$11,033,761 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, 2010 was \$23,174,010, of which \$21,504,340 was long-term debt (due after 1 year) and \$1,669,670 was short-term debt (to be paid within 1 year). Debt additions were \$4,080,774, and debt reductions were \$3,473,317, for a net increase of \$607,457 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, 2010**  
**(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, 2010  
(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 schedule 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, 2010  
(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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
<b>Assets</b>						
Current and other assets	\$ 11,107,155	\$ 12,602,803	\$ 95,636	\$ 60,480	\$ 11,202,791	\$ 12,663,283
Net Capital Assets	38,640,590	39,844,783	121,897	112,101	38,762,487	39,956,884
Total Assets	<u>\$ 49,747,745</u>	<u>\$ 52,447,586</u>	<u>\$ 217,533</u>	<u>\$ 172,581</u>	<u>\$ 49,965,278</u>	<u>\$ 52,620,167</u>
<b>Liabilities</b>						
Current and other Liabilities	\$ 1,573,715	\$ 1,669,670	\$	\$	\$ 1,573,715	\$ 1,669,670
Long-term Liabilities	20,992,838	21,504,340			20,992,838	21,504,340
Total Liabilities	<u>\$ 22,566,553</u>	<u>\$ 23,174,010</u>	<u>\$</u>	<u>\$</u>	<u>\$ 22,566,553</u>	<u>\$ 23,174,010</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	\$ 16,074,037	\$ 16,670,773	\$ 121,897	\$ 112,101	\$ 16,195,934	\$ 16,782,874
Unrestricted	11,107,155	12,602,803	95,636	60,480	11,202,791	12,663,283
Total Net Assets	<u>\$ 27,181,192</u>	<u>\$ 29,273,576</u>	<u>\$ 217,533</u>	<u>\$ 172,581</u>	<u>\$ 27,398,725</u>	<u>\$ 29,446,157</u>

**Changes in Net Assets.**

*Governmental Activities.* Christian County's net assets increased by \$2,092,384 in fiscal year 2010. Key elements of this are as follows:

- Current assets increased \$1,495,648, due to the fact that more revenues were received and the County worked to cut spending in the current year.
- Investment in capital assets and infrastructure, net of related debt increased \$596,736.
- Current and long-term liabilities increased by \$607,457.
- General revenues were \$8,930,478 and total revenues were \$18,259,398 as reflected in the Statement of Activities
- Expenditures totaled \$16,167,014 as reflected in the Statement of Activities.

*Business-type Activities.* Christian County's net assets decreased by \$44,952 in fiscal year 2010. Key elements are as follows:

- Current assets and cash decreased by \$35,156.
- Investment in capital assets decreased \$9,796.
- Total revenue increased by \$76,032, totaling \$579,472 as reflected in the Statement of Activities.
- Expenditures increased \$88,856, totaling \$624,424 as reflected in the Statement of Activities.

**Christian County  
Management's Discussion and Analysis  
June 30, 2010  
(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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
<b>Program Revenues</b>						
Charges for Services	\$ 5,542,566	\$ 6,037,235	\$ 502,804	\$ 579,235	\$ 6,045,370	\$ 6,616,470
Operating Grants and Contributions	1,849,856	1,615,578			1,849,856	1,615,578
Capital Grants and Contributions	1,795,449	1,676,107			1,795,449	1,676,107
<b>General Revenues</b>						
Taxes	4,653,714	5,028,889			4,653,714	5,028,889
Miscellaneous and Other	3,914,061	3,901,589	636	237	3,914,697	3,901,826
<b>Total Revenue</b>	<b>17,755,646</b>	<b>18,259,398</b>	<b>503,440</b>	<b>579,472</b>	<b>18,259,086</b>	<b>18,838,870</b>
<b>Expenses</b>						
General Government	5,868,929	6,003,552			5,868,929	6,003,552
Protection to Persons and Property	5,400,317	5,548,516			5,400,317	5,548,516
General Health and Sanitation	317,400	368,374			317,400	368,374
Social Services	81,565	68,437			81,565	68,437
Recreation and Culture	21,444	363,748			21,444	363,748
Roads	1,890,362	1,493,536			1,890,362	1,493,536
Airports	31,601	28,431			31,601	28,431
Debt Service	896,080	1,851,301			896,080	1,851,301
Capital Projects	1,099,103	441,119			1,099,103	441,119
Jail Canteen			535,568	624,424	535,568	624,424
<b>Total Expenses</b>	<b>15,606,801</b>	<b>16,167,014</b>	<b>535,568</b>	<b>624,424</b>	<b>16,142,369</b>	<b>16,791,438</b>
Change In Net Assets	2,148,845	2,092,384	(32,128)	(44,952)	2,116,717	2,047,432
Net Assets - Beginning	25,032,347	27,181,192	249,661	217,533	25,282,008	27,398,725
Net Assets - Ending	<u>\$ 27,181,192</u>	<u>\$ 29,273,576</u>	<u>\$ 217,533</u>	<u>\$ 172,581</u>	<u>\$ 27,398,725</u>	<u>\$ 29,446,157</u>

**Christian County  
Management's Discussion and Analysis  
June 30, 2010  
(Continued)**

**Financial Analysis of the County's Funds (Continued)**

*Governmental Funds Overview.* As of the end of June 2010 fiscal year, the combined ending fund balances of County governmental funds were \$11,597,646. Approximately 95% (\$11,033,761) 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 (\$563,885) 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, 2010 fiscal year, unreserved fund balance of the General Fund was \$7,251,334. The County received \$5,224,560 in real and personal property, motor vehicle, and other taxes for approximately 61% of the county's general revenues. Various other service fees and miscellaneous revenues contribute to the remaining 39% of revenues. There was a significant budget variance in General Fund revenues, see page 55 of this report for the General Fund budgetary comparison schedule.
2. The Road Fund is the fund related to County road and bridge construction and maintenance. The Road Fund had a fund balance of \$2,063,211 at June 30, 2010. The fiscal year 2010 expenditures for the Road Fund were \$3,850,416. The Road Fund issued Series 2010A Energy Recovery Bonds in the amount of \$2,045,000 which accounts for 99% of the remaining fund balance. The bond proceeds will be used to fund the paving and upkeep of the county road system.
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, 2010 of \$214,546. The Jail Fund received \$5,036,350 for intergovernmental fees, primarily for housing prisoners. The Jail Fund issued Series 2010B Refunding Bonds in the amount of \$1,960,000 for the purpose of refunding previous jail bonds.
4. The Local Government Economic Assistance Fund had a fund balance of \$22,406 as of June 30, 2010. These funds are held for economic development.
5. The Revolving Loan Fund had a fund balance of \$65,774 as of June 30, 2010. These funds are used to make loans to local businesses.
6. The E-911 Fee Fund had a fund balance of \$1,137,487 as of June 30, 2010. These funds are used for 911 services.
7. The Industrial Authority Revolving Loan Fund had a fund balance \$700,418 as of June 30, 2010. These funds are held for loans to local businesses.
8. The Christian County Public Courthouse Corporation Fund had a fund balance of \$7,153 as of June 30, 2010.

*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, 2010  
(Continued)**

**Financial Analysis of the County's Funds (Continued)**

The Jail Canteen Fund's unrestricted net assets at the end of June 30, 2010 fiscal year, amounted to \$60,480 and total assets were \$172,581.

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

- Health Insurance Fund.

The Health Insurance Fund's unrestricted total assets at the end of June 30, 2010 were \$657,135.

**Capital Assets and Debt Administration**

*Capital Assets.* Christian County's total capital assets for its governmental and business-type activities as of June 30, 2010, amount to \$39,956,884 (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 2010 fiscal year included the road operations, the purchase of several vehicles, and a new roof for the Christian County Detention Center.

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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
<b>Capital Assets</b>						
Infrastructure	\$ 5,941,669	\$ 7,192,942	\$	\$	\$ 5,941,669	\$ 7,192,942
Land	2,263,092	2,263,092			2,263,092	2,263,092
Buildings	28,610,676	28,650,383			28,610,676	28,650,383
Furniture and Office Equipment	520,484	490,178			520,484	490,178
Land Improvements	61,213	51,321			61,213	51,321
Vehicles and Equipment	1,243,456	1,196,867	121,897	112,101	1,365,353	1,308,968
Total Net Capital Assets	<u>\$ 38,640,590</u>	<u>\$ 39,844,783</u>	<u>\$ 121,897</u>	<u>\$ 112,101</u>	<u>\$ 38,762,487</u>	<u>\$ 39,956,884</u>

**Christian County  
Management's Discussion and Analysis  
June 30, 2010  
(Continued)**

**Capital Assets and Debt Administration (Continued)**

*Long-Term Debt.* At the end of the 2010 fiscal year, Christian County had total bonded debt outstanding of \$18,655,000 from General Obligation and Revenue Bonds. The County had financing agreements totaling \$4,519,010.

**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 2010 fiscal year budget:

- The 2011 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, 2010**



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

**June 30, 2010**

	<b>Primary Government</b>		<b>Totals</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 12,254,781	\$ 60,480	\$ 12,315,261
Notes Receivable	59,882		59,882
Total Current Assets	<u>12,314,663</u>	<u>60,480</u>	<u>12,375,143</u>
Noncurrent Assets:			
Notes Receivable	288,140		288,140
Capital Assets - Net of Accumulated Depreciation			
Land	2,263,092		2,263,092
Land Improvements	51,321		51,321
Buildings	28,650,383		28,650,383
Furniture and Office Equipment	490,178		490,178
Vehicles and Equipment	1,196,867	112,101	1,308,968
Infrastructure Assets - Net of Depreciation	<u>7,192,942</u>		<u>7,192,942</u>
Total Noncurrent Assets	<u>40,132,923</u>	<u>112,101</u>	<u>40,245,024</u>
Total Assets	<u>52,447,586</u>	<u>172,581</u>	<u>52,620,167</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Bonds Payable	1,255,000		1,255,000
Financing Obligations Payable	414,670		414,670
Total Current Liabilities	<u>1,669,670</u>		<u>1,669,670</u>
Noncurrent Liabilities:			
Bonds Payable	17,400,000		17,400,000
Financing Obligations Payable	4,104,340		4,104,340
Total Noncurrent Liabilities	<u>21,504,340</u>		<u>21,504,340</u>
Total Liabilities	<u>23,174,010</u>		<u>23,174,010</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	16,670,773	112,101	16,782,874
Unrestricted	12,602,803	60,480	12,663,283
Total Net Assets	<u>\$ 29,273,576</u>	<u>\$ 172,581</u>	<u>\$ 29,446,157</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, 2010**

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

**For The Year Ended June 30, 2010**

<b>Functions/Programs Reporting Entity</b>	<b>Program Revenues Received</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 6,003,552	\$ 291,457	\$ 1,128,767	\$
Protection to Persons and Property	5,548,516	5,745,778		
General Health and Sanitation	368,374			
Social Services	68,437			
Recreation and Culture	363,748			
Roads	1,493,536		486,811	1,676,107
Airports	28,431			
Debt Service	1,851,301			
Capital Projects	441,119			
Total Governmental Activities	16,167,014	6,037,235	1,615,578	1,676,107
Business-type Activities:				
Jail Canteen	624,424	579,235		
Total Business-type Activities	624,424	579,235		
Total Primary Government	\$ 16,791,438	\$ 6,616,470	\$ 1,615,578	\$ 1,676,107

**General Revenues:**

## Taxes:

Real Property Taxes

Personal Property Taxes

Motor Vehicle Taxes

Other Taxes

Sheriff/Clerk 25% Account

E-911 User Fees

Licenses and Permits

In Lieu of Tax

Rental Revenue

Miscellaneous Revenues

Telephone Commissions

Interest Received

Total General Revenues

Change in Net Assets

Net Assets - Beginning

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, 2010**  
(Continued)

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (4,583,328)	\$	\$ (4,583,328)
197,262		197,262
(368,374)		(368,374)
(68,437)		(68,437)
(363,748)		(363,748)
669,382		669,382
(28,431)		(28,431)
(1,851,301)		(1,851,301)
(441,119)		(441,119)
(6,838,094)		(6,838,094)
	(45,189)	(45,189)
	(45,189)	(45,189)
(6,838,094)	(45,189)	(6,883,283)
3,662,046		3,662,046
701,936		701,936
279,868		279,868
385,039		385,039
552,890		552,890
304,130		304,130
112,385		112,385
322,368		322,368
1,939,420		1,939,420
294,080		294,080
208,831		208,831
167,485	237	167,722
8,930,478	237	8,930,715
2,092,384	(44,952)	2,047,432
27,181,192	217,533	27,398,725
\$ 29,273,576	\$ 172,581	\$ 29,446,157

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, 2010**

**CHRISTIAN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2010**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Local Government Economic Assistance Fund</u>	<u>Revolving Loan Fund</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 7,386,650	\$ 2,063,211	\$ 214,546	\$ 22,406	\$ 65,774
Total Assets	<u>\$ 7,386,650</u>	<u>\$ 2,063,211</u>	<u>\$ 214,546</u>	<u>\$ 22,406</u>	<u>\$ 65,774</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	\$ 135,316	\$ 85,884	\$ 324,896	\$ 11,101	\$
Unreserved:					
General Fund	7,251,334				
Special Revenue Funds		1,977,327	(110,350)	11,305	65,774
Debt Service Funds					
Total Fund Balances	<u>\$ 7,386,650</u>	<u>\$ 2,063,211</u>	<u>\$ 214,546</u>	<u>\$ 22,406</u>	<u>\$ 65,774</u>

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

**CHRISTIAN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2010**  
**(Continued)**

<b>E-911 Fee Fund</b>	<b>Industrial Authority Revolving Loan Fund</b>	<b>Public Courthouse Corporation Fund</b>	<b>Total Governmental Funds</b>
\$ 1,137,488	\$ 700,418	\$ 7,153	\$ 11,597,646
\$ 1,137,488	\$ 700,418	\$ 7,153	\$ 11,597,646
\$ 6,688	\$	\$	\$ 563,885
1,130,800	700,418	7,153	7,251,334
			3,775,274
			7,153
\$ 1,137,488	\$ 700,418	\$ 7,153	\$ 11,597,646

**Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets**

Total Fund Balances	
Amounts Reported For Governmental Activities In The Statement	\$ 11,597,646
Of Net Assets Are Different Because:	
Notes Receivable Is Not Considered A Current Resource and Therefore, Is Not Reported in the Funds.	348,022
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	52,999,256
Accumulated Depreciation	(13,154,473)
Internal Service Fund Is Used By Management To Charge The Cost Of Health Insurance To Individual Funds. The Assets And Liabilities Are Included In Governmental Activities On The Statement of Net Assets	657,135
Long-term Debt Is Not Due And Payable In The Current Period And, Therefore, Is Not Reported In The Funds.	
Due Within One Year - Bonds and Financing Obligations	(1,669,670)
Due In More Than One Year - Bonds and Financing Obligations	(21,504,340)
Net Assets Of Governmental Activities	\$ 29,273,576

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, 2010**

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

**For The Year Ended June 30, 2010**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Local Government Economic Assistance Fund</u>
<b>REVENUES</b>				
Taxes	\$ 5,224,560	\$	\$	\$
In Lieu Tax Payments	322,368			
Excess Fees	436,654			
Licenses and Permits	112,385			
Intergovernmental	1,806,432	2,063,782	5,036,350	210,428
Charges for Services	291,457		252,078	
Miscellaneous	195,340	91,502	212,566	
Interest	155,172	1,055	581	115
Total Revenues	<u>8,544,368</u>	<u>2,156,339</u>	<u>5,501,575</u>	<u>210,543</u>
<b>EXPENDITURES</b>				
General Government	1,844,143			
Protection to Persons and Property	531,836		5,025,148	
General Health and Sanitation	362,239			
Social Services	46,362			
Recreation and Culture	332,106			
Roads		3,491,352		191,289
Airports	28,431			
Debt Service	201,272		702,667	
Capital Projects	378,119	63,000		
Administration	1,959,116	296,064	1,209,954	
Total Expenditures	<u>5,683,624</u>	<u>3,850,416</u>	<u>6,937,769</u>	<u>191,289</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>2,860,744</u>	<u>(1,694,077)</u>	<u>(1,436,194)</u>	<u>19,254</u>
<b>Other Financing Sources (Uses)</b>				
Financing Obligation Proceeds	75,774	2,045,000	1,960,000	
Payment To Escrow Agent			(1,906,635)	
Transfers From Other Funds		1,705,000	1,458,838	
Transfers To Other Funds	(3,163,838)		(61,648)	
Total Other Financing Sources (Uses)	<u>(3,088,064)</u>	<u>3,750,000</u>	<u>1,450,555</u>	
Net Change in Fund Balances	(227,320)	2,055,923	14,361	19,254
Fund Balances - Beginning	7,613,970	7,288	200,185	3,152
Fund Balances - Ending	<u>\$ 7,386,650</u>	<u>\$ 2,063,211</u>	<u>\$ 214,546</u>	<u>\$ 22,406</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, 2010**  
**(Continued)**

<b>Revolving Loan Fund</b>	<b>E-911 Fee Fund</b>	<b>Industrial Authority Revolving Loan Fund</b>	<b>Public Courthouse Corporation Fund</b>	<b>Total Governmental Funds</b>
\$	\$ 197,559	\$	\$	\$ 5,422,119
				322,368
				436,654
				112,385
	259,791		1,377,606	10,754,389
		204,048		543,535
742	2,624	8,251		703,456
<u>742</u>	<u>459,974</u>	<u>212,299</u>	<u>1,377,606</u>	<u>18,463,446</u>
325,000				2,169,143
	563,680			6,120,664
				362,239
				46,362
				332,106
				3,682,641
				28,431
			1,438,406	2,342,345
				441,119
		4	1,000	3,466,138
<u>325,000</u>	<u>563,680</u>	<u>4</u>	<u>1,439,406</u>	<u>18,991,188</u>
(324,258)	(103,706)	212,295	(61,800)	(527,742)
				4,080,774
				(1,906,635)
			61,648	3,225,486
				(3,225,486)
			<u>61,648</u>	<u>2,174,139</u>
(324,258)	(103,706)	212,295	(152)	1,646,397
390,032	1,241,194	488,123	7,305	9,951,249
<u>\$ 65,774</u>	<u>\$ 1,137,488</u>	<u>\$ 700,418</u>	<u>\$ 7,153</u>	<u>\$ 11,597,646</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, 2010**



**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, 2010**

**Reconciliation to the Statement of Activities:**

Net Change In Fund Balances - Total Governmental Funds	\$ 1,646,397
Amounts Reported For Governmental Activities In The Statement Of Activities Are Different Because:	
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.	
Capital Outlay	3,208,633
Depreciation Expense	(2,004,440)
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.	(204,048)
Notes Receivable Loaned	300,000
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.	(246,701)
The Issuance Of Long Term Debt Provides Current Financial Resources To Governmental Funds While Repayment Consumes The Current Financial Resources. These Transactions Have No Effect On Net Assets.	
Financing Obligation Proceeds	(4,080,774)
Financing Obligation Principal Payments	378,317
Bond Principal Payment	<u>3,095,000</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,092,384</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, 2010**



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

**June 30, 2010**

	<u>Business-Type</u>	<u>Governmental</u>
	<u>Enterprise</u>	<u>Activities</u>
	<u>Fund</u>	<u>Internal</u>
	<u>Jail</u>	<u>Service Fund</u>
	<u>Canteen</u>	<u>Health</u>
	<u>Fund</u>	<u>Insurance</u>
	<u>Fund</u>	<u>Fund</u>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 60,480	\$ 657,135
Total Current Assets	<u>60,480</u>	<u>657,135</u>
Noncurrent Assets:		
Capital Assets:		
Vehicles and Equipment	297,430	
Less Accumulated Depreciation	(185,329)	
Total Noncurrent Assets	<u>112,101</u>	
Total Assets	<u>172,581</u>	<u>657,135</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	112,101	
Unrestricted	60,480	657,135
Total Net Assets	<u>\$ 172,581</u>	<u>\$ 657,135</u>

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, 2010**



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

**For The Year Ended June 30, 2010**

	<b>Business-Type Activites - Enterprise Fund Jail Canteen Fund</b>	<b>Governmental Activities Internal Service Fund Health Insurance Fund</b>
<b>Operating Revenues</b>		
Canteen Receipts	\$ 561,306	\$
Refunds/Reimbursements		1,473,742
Other Receipts	17,929	
Total Operating Revenues	<u>579,235</u>	<u>1,473,742</u>
<b>Operating Expenses</b>		
Cost of Sales	420,370	
Depreciation	28,315	
Educational and Recreational	90,824	
Health Insurance Claims		1,741,328
Miscellaneous	51,653	279
Inmate Pay	3,854	
Sales Tax	26,021	
Total Operating Expenses	<u>621,037</u>	<u>1,741,607</u>
Operating Income (Loss)	<u>(41,802)</u>	<u>(267,865)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	237	21,164
Inmate Refunds	(3,387)	
Total Nonoperating Revenues (Expenses)	<u>(3,150)</u>	<u>21,164</u>
Change In Net Assets	(44,952)	(246,701)
Total Net Assets - Beginning	217,533	903,836
Total Net Assets - Ending	<u>\$ 172,581</u>	<u>\$ 657,135</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, 2010**



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

**For The Year Ended June 30, 2010**

	<b>Business -Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
	<b>Jail Canteen Fund</b>	<b>Health Insurance Fund</b>
<b>Cash Flows From Operating Activities</b>		
Receipts From Customers	\$ 561,306	\$ 1,473,742
Other Receipts	17,929	
Cost of Sales	(420,370)	
Educational and Recreational	(90,824)	
Health Insurance Claims		(1,741,328)
Inmate Pay	(3,854)	
Miscellaneous	(51,653)	(279)
Sales Tax	(26,021)	
	<u>(13,487)</u>	<u>(267,865)</u>
Net Cash (Used) By Operating Activities	<u>(13,487)</u>	<u>(267,865)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Inmate Refunds on Accounts	(3,387)	
Net Cash (Used) By Noncapital Financing Activities	<u>(3,387)</u>	
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital Assets Purchased	(18,519)	
Net Cash (Used) By Capital and Related Financing Activities	<u>(18,519)</u>	
<b>Cash Flows From Investing Activities</b>		
Interest Earned	237	21,164
Net Cash Provided By Investing Activities	<u>237</u>	<u>21,164</u>
Net (Decrease) in Cash and Cash Equivalents	(35,156)	(246,701)
Cash and Cash Equivalents - July 1, 2009	<u>95,636</u>	<u>903,836</u>
Cash and Cash Equivalents - June 30, 2010	<u>\$ 60,480</u>	<u>\$ 657,135</u>

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

CHRISTIAN COUNTY  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS  
 For The Year Ended June 30, 2010  
 (Continued)

	<u>Business -Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Jail Canteen Fund</u>	<u>Health Insurance Fund</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ (41,802)	\$ (267,865)
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities -		
Depreciation Expense	<u>28,315</u>	
Total Cash Provided (Used) By Operating Activities	<u>\$ (13,487)</u>	<u>\$ (267,865)</u>

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

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

**June 30, 2010**



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

**June 30, 2010**

	<b>Agency Funds</b>	
	<b>Dog Warden Account</b>	<b>Inmate Account</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 22,822	\$ 18,291
Total Assets	22,822	18,291
<b>Liabilities</b>		
Amounts Held In Custody For Others	22,822	18,291
Total Liabilities	\$ 22,822	\$ 18,291

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, 2010**

**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, 2010**  
**(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, 2010**  
**(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, 2010**  
**(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, 2010**  
**(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 reports two agency funds, the Dog Warden Fund, is used to account for dog fees held by the dog warden, for custodial purposes only and the Inmate Account is used to account for inmate fees held by the Jail until they are turned over to the Fiscal Court. 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, 2010**  
**(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, 2010**  
**(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.

**K. Subsequent Events**

The fiscal court evaluated events occurring between the end of the most recent fiscal year and February 11, 2011, the date financial statements were issued. No items were noted.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(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, 2010, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Notes Receivable**

- A. The County loaned \$300,000 to Seimer Milling Company on April 1, 2010, for the purpose of financing the acquisition of certain assets. Terms of the agreement stipulate a 5-year repayment schedule at 2.5 percent interest. Records indicate that Seimer Milling Company is in substantial compliance with this agreement. As of June 30, 2010, principal balance due was \$285,873.
- B. 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. The loan was paid in full during fiscal year ended June 30, 2010.
- C. 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, 2010 was \$62,149.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(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, are as follows:

	<u>Amount</u>
Short Term	\$ 59,882
Long Term	<u>288,140</u>
Total Receivables	<u>\$ 348,022</u>

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Reporting Entity</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,263,092	\$	\$	\$ 2,263,092
Total Capital Assets Not Being Depreciated	<u>2,263,092</u>			<u>2,263,092</u>
Capital Assets, Being Depreciated:				
Land Improvements	125,096			125,096
Buildings	33,234,819	610,392		33,845,211
Furniture and Office Equipment	1,152,900	6,415		1,159,315
Vehicles and Equipment	2,775,457	134,364		2,909,821
Infrastructure	10,239,259	2,457,462		12,696,721
Total Capital Assets Being Depreciated	47,527,531	3,208,633		50,736,164
Less Accumulated Depreciation For:				
Land Improvements	(63,883)	(9,892)		(73,775)
Buildings	(4,624,143)	(570,685)		(5,194,828)
Furniture and Office Equipment	(632,416)	(36,721)		(669,137)
Vehicles and Equipment	(1,532,001)	(180,953)		(1,712,954)
Infrastructure	(4,297,590)	(1,206,189)		(5,503,779)
Total Accumulated Depreciation	<u>(11,150,033)</u>	<u>(2,004,440)</u>		<u>(13,154,473)</u>
Total Capital Assets, Being Depreciated, Net	<u>36,377,498</u>	<u>1,204,193</u>		<u>37,581,691</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,640,590</u>	<u>\$ 1,204,193</u>	<u>\$</u>	<u>\$ 39,844,783</u>

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 4. Capital Assets (Continued)**

Capital asset activity for the year ended June 30, 2010 was as follows: (Continued)

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Primary Government: (Continued)</b>				
<u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated:				
Vehicles and Equipment	\$ 278,911	\$ 18,519	\$	\$ 297,430
Total Capital Assets Being Depreciated	278,911	18,519		297,430
Less Accumulated Depreciation For:				
Vehicles and Equipment	(157,014)	(28,315)		(185,329)
Total Accumulated Depreciation	(157,014)	(28,315)		(185,329)
Total Capital Assets, Being Depreciated, Net	121,897	(9,796)		112,101
Business-Type Activities Capital Assets, Net	<u>\$ 121,897</u>	<u>\$ (9,796)</u>	<u>\$</u>	<u>\$ 112,101</u>

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

<u>Governmental Activities:</u>	
General Government	\$ 427,985
Protection to Persons and Property	232,536
General Health and Sanitation	6,135
Social Services	22,075
Recreation and Culture	31,642
Roads, Including Depreciation of General Infrastructure Assets	<u>1,284,067</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,004,440</u>
<u>Business-Type Activities</u>	
Jail Canteen	<u>\$ 28,315</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 28,315</u>

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(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. This bond was refunded with the issuance of the General Obligation Refunding Bonds, Series 2010B.

**B. 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.

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

The Bonds in the amount of \$16,545,000 dated April 5, 2007, 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 mature on August 1 of each year, in the years and in the principal amounts shown below. The balance on these bonds as of June 30, 2010 was \$14,650,000. Annual debt service requirements to maturity are as follows:

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**B. Revenue Refunding Bonds, Series 2007 (Continued)**

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2011	\$ 547,781	\$ 890,000
2012	516,019	925,000
2013	483,119	955,000
2014	449,083	990,000
2015	413,176	1,025,000
2016-2020	1,412,501	5,795,000
2021-2023	248,599	4,070,000
Totals	<u>\$ 4,070,278</u>	<u>\$ 14,650,000</u>

**C. 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 5.186% 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, 2010 was \$1,781,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2011	\$ 68,616	\$ 216,000
2012	59,726	227,000
2013	50,279	240,000
2014	40,331	253,000
2015	29,811	267,000
2016-2017	25,852	578,000
Totals	<u>\$ 274,615</u>	<u>\$ 1,781,000</u>

**D. 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 with a 20 year variable rate, for the year under review the rate was calculated at 4.142%. The financing obligation was for the renovation of the Sheriff's office. The maturity date of the obligation is May 20, 2021. The principal balance of the obligation at June 30, 2010 was \$262,036. Annual debt service requirements to maturity are as follows:

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**D. Sheriff's Office Renovation (Continued)**

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2011	\$ 10,597	\$ 18,800
2012	10,002	19,413
2013	9,163	20,247
2014	8,292	21,120
2015	7,380	22,024
2016-2020	21,864	125,250
2021	1,008	35,182
Totals	<u>\$ 68,306</u>	<u>\$ 262,036</u>

**E. 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 4.486% 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 lease was paid in full during fiscal year ended June 30, 2010.

**F. 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 4.65% variable 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, 2010 was \$24,870. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2011	\$ 730	\$ 24,870
Totals	<u>\$ 730</u>	<u>\$ 24,870</u>

**G. 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 4.301% variable 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, 2010 was \$2,270,000. Annual debt service requirements to maturity are as follows:

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**G. Energy Conservation Project (Continued)**

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2011	\$ 93,886	\$ 85,000
2012	92,074	90,000
2013	88,046	95,000
2014	83,929	100,000
2015	79,585	105,000
2016-2020	324,909	480,000
2021-2025	177,371	755,000
2026-2027	19,431	560,000
Totals	<u>\$ 959,231</u>	<u>\$ 2,270,000</u>

**H. 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 4.60% variable 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, 2010 was \$30,700. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2011	\$ 751	\$ 20,000
2012	57	10,700
Totals	<u>\$ 808</u>	<u>\$ 30,700</u>

**I. Sheriff's Vehicles - 2009**

On March 23, 2009 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$119,630 at a 4.30% variable interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The maturity date of the obligation is April 20, 2013. The balance of the financing obligation at June 30, 2010 was \$74,630. Annual debt service requirements to maturity are as follows:

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**I. Sheriff's Vehicles – 2009 (Continued)**

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2011	\$ 2,407	\$ 25,000
2012	1,366	25,000
2013	106	24,630
Totals	<u>\$ 3,879</u>	<u>\$ 74,630</u>

**J. Sheriff's Vehicles – 2010**

On May 11, 2010 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$75,774 at a 2.557% effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The maturity date of the obligation is January 20, 2013. The balance of the financing obligation at June 30, 2010 was \$75,774. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2011	\$ 1,938	\$ 25,000
2012	1,032	25,000
2013	387	25,774
	<u>\$ 3,357</u>	<u>\$ 75,774</u>

**K. Christian County (KY) General Obligation Recovery Zone Economic Development and Refunding Bonds, Series 2010 A&B**

On June 1, 2010, the Fiscal Court issued two bonds, Series 2010A Recovery Zone Economic Development Bonds in the amount of \$2,045,000 and Series 2010B General Obligation Refunding Bonds in the amount of \$1,960,000. Series 2010A was issued for the purpose of road work to be performed on county roads and Series 2010B was issued for the purpose of refunding General Obligation Bonds, Series 1998. The Series 2010A bonds bear interest of 3.60% and the Series 2010B bonds bear interest of 2.00%. Payments are due on December 1 and June 1 of each year. The maturity date of the bonds is June 30, 2020. The balance of these bonds as of June 30, 2010 was \$4,005,000. Annual debt service requirements to maturity for the bonds are as follows:

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**K. Christian County (KY) General Obligation Recovery Zone Economic Development and Refunding Bonds, Series 2010 A&B (Continued)**

Fiscal Year Ended June 30	Scheduled Interest	Principal Amount
2011	\$ 85,004	\$ 365,000
2012	77,740	370,000
2013	70,328	380,000
2014	62,716	390,000
2015	54,908	395,000
2016-2020	141,380	2,105,000
	<u>\$ 492,076</u>	<u>\$ 4,005,000</u>

**L. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 2,235,000	\$ 4,005,000	\$ 2,235,000	\$ 4,005,000	\$ 365,000
Revenue Bonds	15,510,000		860,000	14,650,000	890,000
<u>Financing Obligations:</u>					
Kentucky Association Of Counties Leasing Trust Program	4,821,553	75,774	378,317	4,519,010	414,670
	<u>\$ 22,566,553</u>	<u>\$ 4,080,774</u>	<u>\$ 3,473,317</u>	<u>\$ 23,174,010</u>	<u>\$ 1,669,670</u>

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

Debt Service on the Statement of Activities includes \$186,308 in interest on financing obligations and \$664,940 in interest on bonds.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 7. Employee Retirement System**

The fiscal court 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. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent. The county's contributions for the years ended June 30, 2008, 2009 and 2010 were \$478,190, \$429,889 and \$495,217 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. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

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.

**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.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 9. Insurance**

For the fiscal year ended June 30, 2010, 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 2007-2010 fiscal years.

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, 2010 were \$437,328. The second component is the claims cost, all of which Christian County is responsible to pay as they incur. Once an individual exceeds \$50,000 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, 2010 were \$1,304,000. 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 \$657,135 as of June 30, 2010.

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

**For The Year Ended June 30, 2010**



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

**For The Year Ended June 30, 2010**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 4,970,343	\$ 4,970,343	\$ 5,224,560	\$ 254,217
In Lieu Tax Payments	287,414	287,414	322,368	34,954
Excess Fees	462,000	462,000	436,654	(25,346)
Licenses and Permits	119,104	119,104	112,385	(6,719)
Intergovernmental	3,578,898	3,578,898	1,806,432	(1,772,466)
Charges for Services	260,827	260,827	291,457	30,630
Miscellaneous	165,505	165,505	195,340	29,835
Interest	99,125	99,125	155,172	56,047
Total Revenues	<u>9,943,216</u>	<u>9,943,216</u>	<u>8,544,368</u>	<u>(1,398,848)</u>
<b>EXPENDITURES</b>				
General Government	2,651,078	2,681,305	1,844,143	837,162
Protection to Persons and Property	538,198	541,376	531,836	9,540
General Health and Sanitation	376,520	396,993	362,239	34,754
Social Services	77,700	77,700	46,362	31,338
Recreation and Culture	358,685	381,393	332,106	49,287
Airports	27,500	28,431	28,431	
Debt Service	198,230	201,272	201,272	
Capital Projects	2,531,000	2,531,000	378,119	2,152,881
Administration	2,373,379	2,292,820	1,959,116	333,704
Total Expenditures	<u>9,132,290</u>	<u>9,132,290</u>	<u>5,683,624</u>	<u>3,448,666</u>
Excess Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>810,926</u>	<u>810,926</u>	<u>2,860,744</u>	<u>2,049,818</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Financing Obligation Proceeds (Note A)			75,774	75,774
Transfers To Other Funds	(3,962,688)	(3,962,688)	(3,163,838)	798,850
Total Other Financing Sources (Uses)	<u>(3,962,688)</u>	<u>(3,962,688)</u>	<u>(3,088,064)</u>	<u>874,624</u>
Net Changes in Fund Balances	(3,151,762)	(3,151,762)	(227,320)	2,924,442
Fund Balances - Beginning	<u>3,151,762</u>	<u>3,151,762</u>	<u>7,613,970</u>	<u>4,462,208</u>
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 7,386,650</u>	<u>\$ 7,386,650</u>

Note A: These proceeds were for the Sheriff's vehicle lease.

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,659,131	\$ 1,659,131	\$ 2,063,782	\$ 404,651
Miscellaneous	12,100	12,100	91,502	79,402
Interest	954	954	1,055	101
Total Revenues	<u>1,672,185</u>	<u>1,672,185</u>	<u>2,156,339</u>	<u>484,154</u>
<b>EXPENDITURES</b>				
Roads	2,999,835	3,491,352	3,491,352	
Capital Projects	488,000	63,000	63,000	
Administration	324,742	258,225	255,164	3,061
Total Expenditures	<u>3,812,577</u>	<u>3,812,577</u>	<u>3,809,516</u>	<u>3,061</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(2,140,392)</u>	<u>(2,140,392)</u>	<u>(1,653,177)</u>	<u>487,215</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	2,130,392	2,130,392	1,705,000	(425,392)
Total Other Financing Sources (Uses)	<u>2,130,392</u>	<u>2,130,392</u>	<u>1,705,000</u>	<u>(425,392)</u>
Net Changes in Fund Balances	(10,000)	(10,000)	51,823	61,823
Fund Balances - Beginning	<u>10,000</u>	<u>10,000</u>	<u>7,288</u>	<u>(2,712)</u>
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 59,111</u>	<u>\$ 59,111</u>

**Reconciliation of Road Fund**

Expenditures - Administration - Budgetary Basis	\$ 255,164
Plus: Debt Issuance Costs	<u>40,900</u>
Expenditures - Administration - Modified Cash Basis	<u>\$ 296,064</u>
Financing Obligation Proceeds - Budgetary Basis	\$ -
Plus: 2010 Bond Issue	<u>2,045,000</u>
Financing Obligation Proceeds - Modified Cash Basis	<u>\$ 2,045,000</u>
Fund Balance - Budgetary Basis	\$ 59,111
Reconciling Items	<u>2,004,100</u>
Fund Balance - Modified Cash Basis	<u>\$ 2,063,211</u>

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 5,155,496	\$ 5,155,496	\$ 5,036,350	\$ (119,146)
Charges for Services	454,600	454,600	252,078	(202,522)
Miscellaneous	204,600	204,600	212,566	7,966
Interest	300	300	581	281
Total Revenues	<u>5,814,996</u>	<u>5,814,996</u>	<u>5,501,575</u>	<u>(313,421)</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	5,595,377	5,678,556	5,025,148	653,408
Debt Service	764,466	764,466	702,667	61,799
Administration	1,322,449	1,239,270	1,160,763	78,507
Total Expenditures	<u>7,682,292</u>	<u>7,682,292</u>	<u>6,888,578</u>	<u>793,714</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,867,296)</u>	<u>(1,867,296)</u>	<u>(1,387,003)</u>	<u>480,293</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	1,832,296	1,832,296	1,458,838	(373,458)
Total Other Financing Sources (Uses)	<u>1,832,296</u>	<u>1,832,296</u>	<u>1,458,838</u>	<u>(373,458)</u>
Net Changes in Fund Balances	(35,000)	(35,000)	71,835	106,835
Fund Balances - Beginning	35,000	35,000	200,185	165,185
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 272,020</u>	<u>\$ 272,020</u>
<b>Reconciliation of Jail Fund</b>				
Financing Obligation Proceeds - Budgetary Basis			\$ -	
Plus: 2010 Bond Issue			1,960,000	
Less: Payment To Escrow Agent			<u>(1,906,635)</u>	
Financing Obligation Proceeds - Modified Cash Basis			<u>\$ 53,365</u>	
Expenditures - Administration - Budgetary Basis			1,160,763	
Plus: Debt Issuance Costs			<u>49,191</u>	
Expenditures - Administration - Modified Cash Basis			<u>\$ 1,209,954</u>	
Transfer To Other Funds - Budgetary Basis			\$ -	
Plus: Transfer to Public Properties Fund			<u>61,648</u>	
Transfer To Other Funds - Modified Cash Basis			<u>\$ 61,648</u>	
Fund Balance - Budgetary Basis			\$ 272,020	
Reconciling Items			<u>(57,474)</u>	
Fund Balance - Modified Cash Basis			<u>\$ 214,546</u>	

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

	<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ 260,000	\$ 260,000	\$ 210,428	\$ (49,572)
Interest			115	115
Total Revenues	<u>260,000</u>	<u>260,000</u>	<u>210,543</u>	<u>(49,457)</u>
<b>EXPENDITURES</b>				
General Government				
Roads	270,000	270,000	191,289	78,711
Total Expenditures	<u>270,000</u>	<u>270,000</u>	<u>191,289</u>	<u>78,711</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	19,254	29,254
Net Changes in Fund Balances	(10,000)	(10,000)	19,254	29,254
Fund Balances - Beginning	10,000	10,000	3,152	(6,848)
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 22,406</u>	<u>\$ 22,406</u>

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

	<b>REVOLVING LOAN FUND</b>			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 100	\$ 100	\$	\$ (100)
Interest	1,000	1,000	742	(258)
Total Revenues	<u>1,100</u>	<u>1,100</u>	<u>742</u>	<u>(358)</u>
<b>EXPENDITURES</b>				
General Government	385,100	385,100	325,000	60,100
Total Expenditures	<u>385,100</u>	<u>385,100</u>	<u>325,000</u>	<u>60,100</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(384,000)</u>	<u>(384,000)</u>	<u>(324,258)</u>	<u>59,742</u>
Net Changes in Fund Balances	(384,000)	(384,000)	(324,258)	59,742
Fund Balances - Beginning	<u>384,000</u>	<u>384,000</u>	<u>390,032</u>	<u>6,032</u>
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 65,774</u>	<u>\$ 65,774</u>

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

	<b>E-911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 203,500	\$ 203,500	\$ 197,559	\$ (5,941)
Intergovernmental	208,000	208,000	259,791	51,791
Miscellaneous	100	100		(100)
Interest	950	950	2,624	1,674
Total Revenues	<u>412,550</u>	<u>412,550</u>	<u>459,974</u>	<u>47,424</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	\$ 1,156,332	\$ 1,156,332	\$ 563,680	\$ 592,652
Administration	10,000	10,000		10,000
Total Expenditures	<u>1,166,332</u>	<u>1,166,332</u>	<u>563,680</u>	<u>602,652</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(753,782)</u>	<u>(753,782)</u>	<u>(103,706)</u>	<u>650,076</u>
Net Changes in Fund Balances	(753,782)	(753,782)	(103,706)	650,076
Fund Balances - Beginning	<u>753,782</u>	<u>753,782</u>	<u>1,241,194</u>	<u>487,412</u>
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 1,137,488</u>	<u>\$ 1,137,488</u>

**CHRISTIAN COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2010**

**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.

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

**Fiscal Year Ended June 30, 2010**



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

**Fiscal Year Ended June 30, 2010**

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Federal CFDA #</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed-Through State Department for Local Government			
Community Development Block Grants - State's Program -			
Trilogy Recovery Center	14.228*	05-007A	\$ 1,500
Trilogy Recovery Center	14.228*	07-107	211,872
Trilogy Recovery Center - ARRA	14.255*	08-107A	<u>149,275</u>
Total U.S. Department of Housing and Urban Development			<u>362,647</u>
<u>U.S. Department of Justice</u>			
Passed-Through State Department of Justice:			
Edward Byrne - JAG Grant	16.579	2007-DJ-BX-0833	145,298
Juvenile Justice and Delinquency Prevention	16.540	2006-JF-FX-0001	<u>11,239</u>
Total U.S. Department of Justice			<u>156,537</u>
<u>U.S. Department Of Homeland Security</u>			
Passed-Through Kentucky Department Of Military Affairs:			
State Domestic Preparedness Equipment Preparedness	97.004	Not Available	73,551
Emergency Management Performance Grants	97.042	Not Available	<u>16,153</u>
Total U.S. Department of Homeland Security			<u>89,704</u>
Total Expenditures of Federal Awards			<u>\$ 608,888</u>

\*: Tested as Major Program

**CHRISTIAN COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Other Supplementary Information**  
**Fiscal Year Ended June 30, 2010**

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.

**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**





Mountjoy  
Chilton  
Medley

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 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, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 11, 2011. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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)

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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

Christian County's response to the finding identified in our audit is included in the accompanying schedule of findings and questioned costs. We did not audit their response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Christian County Fiscal Court, others within the entity, 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,



Mountjoy Chilton Medley, LLP

February 11, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**





Mountjoy  
Chilton  
Medley

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

Report On Compliance With Requirements  
That Could Have A Direct And Material Effect On Each Major Program  
And On Internal Control Over Compliance In Accordance With OMB Circular A-133

Independent Auditor's Report

Compliance

We have audited Christian County, Kentucky's compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Christian County, Kentucky'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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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 the 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  
That Could Have A Direct And Material Effect On Each Major Program  
And On Internal Control Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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,



Mountjoy Chilton Medley, LLP

February 11, 2011

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

**For The Year Ended June 30, 2010**



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

**Fiscal Year Ended June 30, 2010**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Christian County, Kentucky.
2. No significant deficiencies or material weaknesses, relating to the audit of the financial statements were reported in the Independent Auditor's Report.
3. One instance of noncompliance material to the financial statements of Christian County was disclosed during the audit which would be required to be reported in accordance with Government Auditing Standards.
4. No significant deficiencies or material weaknesses 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 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 program tested as a major program was: Community Development Block Grant (CFDA# 14.228 and CFDA# 14.255)
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**

**STATE LAWS AND REGULATIONS**

**2010-1 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days**

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.

*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.*

**CHRISTIAN COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2010**  
**(Continued)**

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

None.

**D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None.

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**CHRISTIAN COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2010**



CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

CHRISTIAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2010

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



A handwritten signature in cursive script, reading "Steve Tuggle", is written above a horizontal line.

County Judge/Executive



A handwritten signature in cursive script, reading "Walter A. Cummings", is written above a horizontal line.

County Treasurer

