

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

**For The Year Ended
June 30, 2017**



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

The Honorable Robert W. Carpenter, Greenup County Judge/Executive

Members of the Greenup County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Greenup County Fiscal Court, for the year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Greenup County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

The Honorable Robert W. Carpenter, Greenup County Judge/Executive

Members of the Greenup County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Greenup County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Greenup County Fiscal Court as of June 30, 2017, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Greenup County Fiscal Court as of June 30, 2017, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Greenup County Fiscal Court. The Budgetary Comparison Schedules and Capital Asset Schedule are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules and Capital Asset Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.

To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

The Honorable Robert W. Carpenter, Greenup County Judge/Executive

Members of the Greenup County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018, on our consideration of the Greenup County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greenup County Fiscal Court's internal control over financial reporting and compliance.

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

- 2017-001 The County Did Not Follow The Bidding Requirements In Its Administrative Code
- 2017-002 The Fiscal Court Did Not Adequately Design Internal Controls Over The Expenditures Process And Did Not Comply With Requirements Prescribed By The State Local Finance Officer
- 2017-003 The Jail Inmate Account Balance Could Not Be Obtained
- 2017-004 Accounts Receivable Of Jail Inmate Fees Are Not Properly Accounted For And Reconciled
- 2017-005 The Greenup County Fiscal Court Did Not Maintain A Complete And Accurate Fixed Assets Schedule
- 2017-006 The Jailer Did Not Implement Adequate Segregation Of Duties And Oversight For Receipts, Disbursements, And Reconciliations
- 2017-007 The Jailer Did Not Comply With All Laws Relating To His Drug Forfeiture Account

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

December 4, 2018

GREENUP COUNTY OFFICIALS

For The Year Ended June 30, 2017

Fiscal Court Members:

Robert W. Carpenter	County Judge/Executive
Mike Hieneman	County Commissioner
Tony Quillen	County Commissioner
Billy Stephens	County Commissioner

Other Elected Officials:

Michael Wilson	County Attorney
Mike Worthington	Jailer
Patricia Hieneman	County Clerk
Allen Reed	Circuit Court Clerk
Keith Cooper	Sheriff
Bobby Hall	Property Valuation Administrator
Leslie Neal Wright	Coroner

Appointed Personnel:

Carol Vinson	County Treasurer
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**GREENUP COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2017

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

For The Year Ended June 30, 2017

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 5,189,337	\$	\$
Excess Fees	202,522		
Licenses and Permits	74,826		
Intergovernmental	631,125	1,507,107	844,332
Charges for Services	6,803	67,552	103,747
Miscellaneous	99,855	303,383	1,961
Interest	59,316	490	161
Total Receipts	<u>6,263,784</u>	<u>1,878,532</u>	<u>950,201</u>
DISBURSEMENTS			
General Government	1,326,305		
Protection to Persons and Property	92,519		1,439,280
General Health and Sanitation	78,666		
Social Services	111,133		
Recreation and Culture	43,930		
Roads		2,555,368	
Debt Service	31,721	182,692	
Capital Projects	299,012	110,730	9,900
Administration	1,011,628	537,357	458,583
Total Disbursements	<u>2,994,914</u>	<u>3,386,147</u>	<u>1,907,763</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>3,268,870</u>	<u>(1,507,615)</u>	<u>(957,562)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	40,000	1,395,000	981,195
Transfers To Other Funds	<u>(2,771,195)</u>		
Total Other Adjustments to Cash (Uses)	<u>(2,731,195)</u>	<u>1,395,000</u>	<u>981,195</u>
Net Change in Fund Balance	537,675	(112,615)	23,633
Fund Balance - Beginning (Restated)	<u>2,745,097</u>	<u>296,309</u>	<u>284,334</u>
Fund Balance - Ending	<u>\$ 3,282,772</u>	<u>\$ 183,694</u>	<u>\$ 307,967</u>
Composition of Fund Balance			
Bank Balance	\$ 244,683	\$ 323,108	\$ 310,203
Less: Outstanding Checks	(14,057)	(139,414)	(2,236)
Certificates of Deposit	<u>3,052,146</u>		
Fund Balance - Ending	<u>\$ 3,282,772</u>	<u>\$ 183,694</u>	<u>\$ 307,967</u>

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

GREENUP COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2017
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	State Grant Fund	Federal Grant Fund	Landfill Fund	Revolving Loan Fund	E-911 Fund
\$	\$	\$	\$	\$	\$ 370,949
			457,418		
75,041	107,441		51,016		187,508
			3,373		9,158
			17,024		147
54	38		244	3,473	74
<u>75,095</u>	<u>107,479</u>		<u>529,075</u>	<u>3,473</u>	<u>567,836</u>
				18,000	
	45,836				583,546
	36,440		253,152	1,420	
5,152					
			275,431		
	3,697				
			60,893		225,891
<u>5,152</u>	<u>85,973</u>		<u>589,476</u>	<u>19,420</u>	<u>809,437</u>
<u>69,943</u>	<u>21,506</u>		<u>(60,401)</u>	<u>(15,947)</u>	<u>(241,601)</u>
	40,000				355,000
	(40,000)				
					355,000
69,943	21,506		(60,401)	(15,947)	113,399
9,941	27,607		530,272	224,136	101,512
<u>\$ 79,884</u>	<u>\$ 49,113</u>	<u>\$ 0</u>	<u>\$ 469,871</u>	<u>\$ 208,189</u>	<u>\$ 214,911</u>
\$ 79,884	\$ 49,113	\$	\$ 469,967	\$ 35,073	\$ 215,182
			(96)		(271)
				173,116	
<u>\$ 79,884</u>	<u>\$ 49,113</u>	<u>\$ 0</u>	<u>\$ 469,871</u>	<u>\$ 208,189</u>	<u>\$ 214,911</u>

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

GREENUP COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2017
(Continued)

	<u>Unbudgeted Fund</u>	
	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS		
Taxes	\$	\$ 5,560,286
Excess Fees		202,522
Licenses and Permits		532,244
Intergovernmental		3,403,570
Charges for Services		190,633
Miscellaneous	156,059	578,429
Interest		63,850
Total Receipts	<u>156,059</u>	<u>10,531,534</u>
DISBURSEMENTS		
General Government		1,344,305
Protection to Persons and Property		2,161,181
General Health and Sanitation		369,678
Social Services		116,285
Recreation and Culture	282,207	326,137
Roads		2,830,799
Debt Service		214,413
Capital Projects		423,339
Administration		2,294,352
Total Disbursements	<u>282,207</u>	<u>10,080,489</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(126,148)</u>	<u>451,045</u>
Other Adjustments to Cash (Uses)		
Transfers From Other Funds		2,811,195
Transfers To Other Funds		<u>(2,811,195)</u>
Total Other Adjustments to Cash (Uses)		
Net Change in Fund Balance	(126,148)	451,045
Fund Balance - Beginning (Restated)	<u>164,571</u>	<u>4,383,779</u>
Fund Balance - Ending	<u>\$ 38,423</u>	<u>\$ 4,834,824</u>
Composition of Fund Balance		
Bank Balance	\$ 38,466	\$ 1,765,679
Less: Outstanding Checks	(43)	(156,117)
Certificates of Deposit		<u>3,225,262</u>
Fund Balance - Ending	<u>\$ 38,423</u>	<u>\$ 4,834,824</u>

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

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**GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2017

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Greenup County includes all budgeted and unbudgeted funds under the control of the Greenup County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

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

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

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

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

State Grant Fund - The primary purpose of this fund is to account for state grants. The primary source of receipts for this fund is state grants.

Federal Fund - The primary purpose of this fund is to account for federal grants. The primary source of receipts for this fund is federal grants. This fund was budgeted, but not utilized in fiscal year 2017.

Landfill Fund - The primary purpose of this fund is to help keep Greenup County clean. The primary sources of receipts for this fund are landfill permit fees.

Revolving Loan Fund - The primary purpose of this fund is to assist local businesses through loans to qualifying applicants and is intended to stimulate the local economy through successful private enterprise.

E-911 Fund - The primary purpose of this fund is to account for dispatch expenses of the county. The primary source of receipts for this fund is the 911 telephone surcharge.

Unbudgeted Funds

The fiscal court reports the following unbudgeted fund:

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1). The profits generated from the sale of items are to be used for the benefit and to enhance the well-being 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 commissary fund.

D. Budgetary Information

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

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

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

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

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Greenup County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Greenup County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the Board of Education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Greenup County Fiscal Court.

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

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

H. Related Organization and Joint Ventures

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Greenup County Water District is considered a related organization of the Greenup County Fiscal Court.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Related Organization and Joint Ventures (Continued)

A legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following are considered joint ventures of the Greenup County Fiscal Court: the Northeast Kentucky Regional Industrial Park Authority, the Boyd/Greenup Riverport Authority, and the Ashland Regional Airport.

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2017.

	General Fund	State Grant Fund	Total Transfers In
General Fund	\$	\$ 40,000	\$ 40,000
Road Fund	1,395,000		1,395,000
Jail Fund	981,195		981,195
State Fund	40,000		40,000
E-911 Fund	355,000		355,000
Total Transfers Out	<u>\$ 2,771,195</u>	<u>\$ 40,000</u>	<u>\$ 2,811,195</u>

Reason for transfers:

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

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Agency Trust Funds

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

The fiscal court has the following agency trust funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2017, was \$60,695.

Jailer Drug Forfeiture Account - This fund accounts for funds seized by the Greenup County Jailer and is held until the court system issues orders on what to do with the funds. The balance in the Jailer Drug Forfeiture Account as of June 30, 2017, was \$3,219.

FSA/HRA Fund - This fund accounts for employee and employer contributions to be used for health care expenses. The balance in the FSA/HRA fund as of June 30, 2017, was \$31,245.

Note 5. Receivable

On January 12, 2006, the Greenup County Fiscal Court entered into an agreement with the Kentucky Association of Counties to borrow \$500,000. The proceeds were loaned to the Boyd/Greenup Riverport Authority to purchase a certain tract of land, which is evidenced by a promissory note. The note requires the Riverport Authority to repay Greenup County according to the payment schedule contained in the agreement entered into by the Greenup County Fiscal Court with the Kentucky Association of Counties. As of June 30, 2017, the principal balance due was \$380,000. The payment schedule is as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 15,000	\$ 16,089
2019	15,000	15,449
2020	15,000	14,831
2021	15,000	14,192
2022	20,000	13,473
2023-2027	105,000	54,625
2028-2032	135,000	29,660
2033-2034	60,000	3,275
Totals	<u>\$ 380,000</u>	<u>\$ 161,594</u>

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 6. Long-term Debt

A. Boyd/Greenup Riverport Authority Land Purchase

On January 12, 2006, the Greenup County Fiscal Court entered into an agreement with the Kentucky Association of Counties to borrow \$500,000 to purchase a tract of land on behalf of the Boyd/Greenup Riverport Authority. The agreement requires 340 monthly payments at a variable interest rate. As of June 30, 2017, the principal balance was \$380,000. Principal and interest payments for the remaining years are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 15,000	\$ 16,089
2019	15,000	15,449
2020	15,000	14,831
2021	15,000	14,192
2022	20,000	13,473
2023-2027	105,000	54,625
2028-2032	135,000	29,660
2033-2034	60,000	3,275
Totals	<u>\$ 380,000</u>	<u>\$ 161,594</u>

B. Road Repair and Resurfacing

On June 24, 2014, the Greenup County Fiscal Court entered into a ten year \$1,500,000 lease agreement administered by the Kentucky Association of Counties Leasing Trust (KACoLT) to repair and resurface roads. The lease has a fixed rate of 2.85 percent through June 19, 2019, and a variable rate thereafter. As of June 30, 2017, the principal balance was \$1,050,000. Principal and interest payments for the remaining years are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 150,000	\$ 28,358
2019	150,000	24,023
2020	150,000	19,740
2021	150,000	15,354
2022	150,000	11,020
2023-2024	300,000	9,041
Totals	<u>\$ 1,050,000</u>	<u>\$ 107,536</u>

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 6. Long-term Debt (Continued)

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Financing Obligations	\$ 1,595,000	\$	\$ 165,000	\$ 1,430,000	\$ 165,000
Total Long-term Debt	<u>\$ 1,595,000</u>	<u>\$ 0</u>	<u>\$ 165,000</u>	<u>\$ 1,430,000</u>	<u>\$ 165,000</u>

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The county's contribution for FY 2015 was \$685,727, FY 2016 was \$653,651, and FY 2017 was \$744,399.

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 18.68 percent.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 7. Employee Retirement System (Continued)

Health Insurance Coverage

CERS also provides post-retirement health care coverage as follows:

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

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

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

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS also issues a proportionate share audit report that includes the total pension liability for CERS determined by actuarial valuation as well as each participating county's proportionate share. The Schedules of Employer Allocations and Pension Amounts by Employer report and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 8. Deferred Compensation

The Greenup 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.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 8. Deferred Compensation (Continued)

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

Note 9. Health Reimbursement Account/Flexible Spending Account

A. The fiscal court allows employees to participate in a health reimbursement account for employees who waive health insurance coverage provided by the fiscal court. The fiscal court contributes \$300 and employees are required to submit adequate documentation for qualified medical expenses to receive reimbursement. Employees forfeit any remaining balance of funds not utilized during the year. During fiscal year 2017, 17 employees participated in the program, which is administered by a third party benefits administrator.

B. The fiscal court allows employees to participate in a flexible spending account to provide employees an additional health benefit. Employees contribute pre-tax funds through payroll deduction and are required to submit adequate documentation for qualified medical expenses to receive reimbursement. During fiscal year 2017, two employees participated in the program, which is administered by a third party benefits administrator.

Note 10. Insurance

For the fiscal year ended June 30, 2017, the Greenup County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Conduit Debt

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

Note 12. Prior Period Adjustments

The beginning balance of the general fund was restated and increased by \$423 due to a prior year voided check. The beginning balance of the jail fund was restated and increased by \$31 due to a prior year voided check.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 13. Phone Service Agreement - Technology Grant

On August 10, 2015, the Greenup County Jailer entered into a contract as authorized by the fiscal court for the installation of a telecommunications system in the detention center. The agreement is effective for 48 months from the commencement date. The terms of the agreement included a technology grant in the amount \$125,000. The county used the technology grant funds to build a jail training facility. The total cost for the jail training facility was \$212,020. The funds to build the jail training facility were derived from a \$50,000 advancement of commissions from the phone service provider to purchase the land, which was not part of the agreement signed on August 10, 2015.

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GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

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GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 4,700,500	\$ 4,700,500	\$ 5,189,337	\$ 488,837
Excess Fees	51,950	51,950	202,522	150,572
Licenses and Permits	74,000	74,000	74,826	826
Intergovernmental	453,250	453,250	631,125	177,875
Charges for Services	10,000	10,000	6,803	(3,197)
Miscellaneous	163,300	189,514	99,855	(89,659)
Interest	30,000	30,000	59,316	29,316
Total Receipts	<u>5,483,000</u>	<u>5,509,214</u>	<u>6,263,784</u>	<u>754,570</u>
DISBURSEMENTS				
General Government	1,674,800	1,696,319	1,326,305	370,014
Protection to Persons and Property	139,500	139,310	92,519	46,791
General Health and Sanitation	109,600	109,350	78,666	30,684
Social Services	115,000	123,500	111,133	12,367
Recreation and Culture	55,000	55,000	43,930	11,070
Debt Service	32,000	31,721	31,721	
Capital Projects	20,000	320,000	299,012	20,988
Administration	1,637,100	1,334,014	1,011,628	322,386
Total Disbursements	<u>3,783,000</u>	<u>3,809,214</u>	<u>2,994,914</u>	<u>814,300</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,700,000</u>	<u>1,700,000</u>	<u>3,268,870</u>	<u>1,568,870</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			40,000	40,000
Transfers To Other Funds	<u>(3,500,000)</u>	<u>(3,500,000)</u>	<u>(2,771,195)</u>	<u>728,805</u>
Total Other Adjustments to Cash (Uses)	<u>(3,500,000)</u>	<u>(3,500,000)</u>	<u>(2,731,195)</u>	<u>768,805</u>
Net Change in Fund Balance	(1,800,000)	(1,800,000)	537,675	2,337,675
Fund Balance - Beginning (Restated)	<u>1,800,000</u>	<u>1,800,000</u>	<u>2,745,097</u>	<u>945,097</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,282,772</u>	<u>\$ 3,282,772</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,388,600	\$ 1,388,600	\$ 1,507,107	\$ 118,507
Charges for Services	200	200	67,552	67,352
Miscellaneous	226,300	226,300	303,383	77,083
Interest	800	800	490	(310)
Total Receipts	<u>1,615,900</u>	<u>1,615,900</u>	<u>1,878,532</u>	<u>262,632</u>
DISBURSEMENTS				
Roads	2,580,500	2,752,492	2,555,368	197,124
Debt Service	183,000	183,000	182,692	308
Capital Projects	224,000	113,320	110,730	2,590
Administration	728,400	667,088	537,357	129,731
Total Disbursements	<u>3,715,900</u>	<u>3,715,900</u>	<u>3,386,147</u>	<u>329,753</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>(1,507,615)</u>	<u>592,385</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,395,000</u>	<u>(405,000)</u>
Total Other Adjustments to Cash (Uses)	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,395,000</u>	<u>(405,000)</u>
Net Change in Fund Balance	(300,000)	(300,000)	(112,615)	187,385
Fund Balance - Beginning	<u>300,000</u>	<u>300,000</u>	<u>296,309</u>	<u>(3,691)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 183,694</u>	<u>\$ 183,694</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 718,600	\$ 718,600	\$ 844,332	\$ 125,732
Charges for Services	74,100	74,100	103,747	29,647
Miscellaneous	22,000	22,000	1,961	(20,039)
Interest	75	75	161	86
Total Receipts	<u>814,775</u>	<u>814,775</u>	<u>950,201</u>	<u>135,426</u>
DISBURSEMENTS				
Protection to Persons and Property	1,658,100	1,668,558	1,439,280	229,278
Capital Projects		9,900	9,900	
Administration	556,675	536,317	458,583	77,734
Total Disbursements	<u>2,214,775</u>	<u>2,214,775</u>	<u>1,907,763</u>	<u>307,012</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>(957,562)</u>	<u>442,438</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,300,000</u>	<u>1,300,000</u>	<u>981,195</u>	<u>(318,805)</u>
Total Other Adjustments to Cash (Uses)	<u>1,300,000</u>	<u>1,300,000</u>	<u>981,195</u>	<u>(318,805)</u>
Net Change in Fund Balance	(100,000)	(100,000)	23,633	123,633
Fund Balance - Beginning (Restated)	<u>100,000</u>	<u>100,000</u>	<u>284,334</u>	<u>184,334</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 307,967</u>	<u>\$ 307,967</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 75,041	\$ 45,041
Interest	100	100	54	(46)
Total Receipts	<u>30,100</u>	<u>30,100</u>	<u>75,095</u>	<u>44,995</u>
DISBURSEMENTS				
Social Services	30,000	30,000	5,152	24,848
Administration	30,100	30,100		30,100
Total Disbursements	<u>60,100</u>	<u>60,100</u>	<u>5,152</u>	<u>54,948</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>69,943</u>	<u>99,943</u>
Net Change in Fund Balance	(30,000)	(30,000)	69,943	99,943
Fund Balance - Beginning	<u>30,000</u>	<u>30,000</u>	<u>9,941</u>	<u>(20,059)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 79,884</u>	<u>\$ 79,884</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	STATE GRANT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 337,000	\$ 337,000	\$ 107,441	\$ (229,559)
Interest	25	25	38	13
Total Receipts	<u>337,025</u>	<u>337,025</u>	<u>107,479</u>	<u>(229,546)</u>
DISBURSEMENTS				
General Government	6,000	6,000		6,000
Protection to Persons and Property	96,500	96,500	45,836	50,664
General Health and Sanitation	2,000	43,000	36,440	6,560
Social Services	1,000	1,000		1,000
Capital Projects	235,000	235,000	3,697	231,303
Administration	41,525	525		525
Total Disbursements	<u>382,025</u>	<u>382,025</u>	<u>85,973</u>	<u>296,052</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(45,000)</u>	<u>(45,000)</u>	<u>21,506</u>	<u>66,506</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			40,000	40,000
Transfers To Other Funds			(40,000)	(40,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(45,000)	(45,000)	21,506	66,506
Fund Balance - Beginning	<u>45,000</u>	<u>45,000</u>	<u>27,607</u>	<u>(17,393)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 49,113</u>	<u>\$ 49,113</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	FEDERAL GRANT FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 900,000	\$ 900,000	\$	\$ (900,000)
Total Receipts	<u>900,000</u>	<u>900,000</u>		<u>(900,000)</u>
DISBURSEMENTS				
Capital Projects	900,000	900,000		900,000
Total Disbursements	<u>900,000</u>	<u>900,000</u>		<u>900,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	LANDFILL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 475,000	\$ 475,000	\$ 457,418	\$ (17,582)
Intergovernmental	52,000	52,000	51,016	(984)
Charges for Services	2,000	2,000	3,373	1,373
Miscellaneous	9,000	9,000	17,024	8,024
Interest	50	50	244	194
Total Receipts	<u>538,050</u>	<u>538,050</u>	<u>529,075</u>	<u>(8,975)</u>
DISBURSEMENTS				
General Government	30,000	30,000		30,000
General Health and Sanitation	296,500	297,746	253,152	44,594
Roads	241,000	276,431	275,431	1,000
Administration	370,550	333,873	60,893	272,980
Total Disbursements	<u>938,050</u>	<u>938,050</u>	<u>589,476</u>	<u>348,574</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(60,401)</u>	<u>339,599</u>
Net Change in Fund Balance	(400,000)	(400,000)	(60,401)	339,599
Fund Balance - Beginning	<u>400,000</u>	<u>400,000</u>	<u>530,272</u>	<u>130,272</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 469,871</u>	<u>\$ 469,871</u>

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	REVOLVING LOAN FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 2,000	\$ 2,000	\$ 3,473	\$ 1,473
Total Receipts	2,000	2,000	3,473	1,473
DISBURSEMENTS				
General Government	47,000	47,000	18,000	29,000
General Health and Sanitation	174,000	174,000	1,420	172,580
Administration	1,000	1,000		1,000
Total Disbursements	222,000	222,000	19,420	202,580
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(220,000)	(220,000)	(15,947)	204,053
Net Change in Fund Balance	(220,000)	(220,000)	(15,947)	204,053
Fund Balance - Beginning	220,000	220,000	224,136	4,136
Fund Balance - Ending	\$ 0	\$ 0	\$ 208,189	\$ 208,189

GREENUP COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	E-911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 320,000	\$ 320,000	\$ 370,949	\$ 50,949
Intergovernmental	155,100	155,100	187,508	32,408
Charges for Services	9,100	9,100	9,158	58
Miscellaneous	1,000	1,000	147	(853)
Interest	50	50	74	24
Total Receipts	<u>485,250</u>	<u>485,250</u>	<u>567,836</u>	<u>82,586</u>
DISBURSEMENTS				
Protection to Persons and Property	631,600	641,004	583,546	57,458
Debt Service	22,000			
Administration	<u>306,650</u>	<u>319,246</u>	<u>225,891</u>	<u>93,355</u>
Total Disbursements	<u>960,250</u>	<u>960,250</u>	<u>809,437</u>	<u>150,813</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(475,000)</u>	<u>(475,000)</u>	<u>(241,601)</u>	<u>233,399</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>400,000</u>	<u>400,000</u>	<u>355,000</u>	<u>(45,000)</u>
Total Other Adjustments to Cash (Uses)	<u>400,000</u>	<u>400,000</u>	<u>355,000</u>	<u>(45,000)</u>
Net Change in Fund Balance	(75,000)	(75,000)	113,399	188,399
Fund Balance - Beginning	<u>75,000</u>	<u>75,000</u>	<u>101,512</u>	<u>26,512</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 214,911</u>	<u>\$ 214,911</u>

GREENUP COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2017

Note 1. Budgetary Information

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

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

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

GREENUP COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

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GREENUP COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (*Restated)	Additions	Deletions	Ending Balance
Land and Land Improvements*	\$ 2,855,418	\$	\$	\$ 2,855,418
Buildings*	4,270,115			4,270,115
Vehicles and Equipment	3,089,851	543,712	455,157	3,178,406
Other Equipment	1,167,618	195,836		1,363,454
Infrastructure	25,994,449	110,730		26,105,179
 Total Capital Assets	 <u>\$ 37,377,451</u>	 <u>\$ 850,278</u>	 <u>\$ 455,157</u>	 <u>\$ 37,772,572</u>

GREENUP COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS

June 30, 2017

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 20,000	10-60
Buildings and Building Improvements	\$ 50,000	10-75
Vehicles and Equipment	\$ 10,000	3-25
Infrastructure	\$ 20,000	10-50

Note 2. Restatement of Capital Assets Beginning Balances

The beginning balances for land and land improvements and buildings on the Schedule of Capital Assets has been restated to account for land purchased for the jail training facility that was recorded at an historical cost of \$55,000 that should have been recorded for \$50,000 as evidenced by the deed of record, \$55,000 for land purchased for the landfill that was omitted in the prior year, and \$9,020 of additional costs for the construction of the jail training facility that was omitted in the prior year for a net increase in the beginning balance of land and land improvements of \$50,000 and of buildings \$9,020.

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Robert W. Carpenter, Greenup County Judge/Executive
Members of the Greenup County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Greenup County Fiscal Court for the fiscal year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Greenup County Fiscal Court's financial statement and have issued our report thereon dated December 4, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Greenup County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Greenup County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greenup County Fiscal Court's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2017-002, 2017-004, 2017-005, and 2017-006 to be material weaknesses.



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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Greenup County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-001, 2017-002, 2017-003, and 2017-007.

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

December 4, 2018

**GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2017

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**GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2017

FINANCIAL STATEMENT FINDINGS:

2017-001 The County Did Not Follow The Bidding Requirements In Its Administrative Code

The county did not follow bidding requirements in its administrative code, including the following:

- The fiscal court purchased three Mack trucks without first advertising for competitive bids. The bid files maintained by the fiscal court did not have documentation that the trucks were purchased under a state price contract. The purchase price for each truck was more than \$20,000.
- The jailer paid a total of \$49,367 to a vendor for electronic cigarettes purchased for resale through the jail commissary fund without competitively bidding or preparing an invitation for bids notice. Two of six separate purchases were individually more than \$10,000.

The county's administrative code contains two sections addressing bid requirements that state different bidding thresholds, with one section indicating competitive bids are required for items over \$20,000 and one section stating a \$10,000 threshold. Additionally, a resolution was adopted by the fiscal court to amend the administrative code to "...abide in accordance with the State Procurement Code Standards for purchases made by the County." The resolution is not clear enough to determine if the fiscal court intended to adopt the state Model Procurement Code (KRS 45A.344 to KRS 45A.460) or other procurement requirements addressed in state statute. The lack of clear competitive bid policies to follow leads to a lack of competition in purchases of goods and services. As a result, the county cannot demonstrate that it procured these items at the best available price.

Section 9.2(C) of the county's administrative code states, "Any expenditure or contract for material, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure or [sic] more than Twenty Thousand Dollars (\$20,000) shall be subject to competitive bids."

Section 9.6(B) of the county's administrative code states, "Competitive Sealed Bids-Bidding will be employed with detailed specifications for the goods or services to be procured can be prepared. When the cost of a contract, lease, or other agreement for materials, supplies, equipment, or contractual services other than those personal or professional exceeds \$10,000 an Invitation for Bids notice will generally be prepared."

Additionally, KRS 424.260 requires newspaper advertisement for bids for expenditures of goods greater than \$20,000, except perishable goods.

We recommend the county update its administrative code to remove conflicting information regarding required bid thresholds for the procurement of goods and services. The administrative code should also clarify whether or not the county adopted the Model Procurement Code, and also clarify any requirement that is intended to be more restrictive than state statutes. Additionally, we recommend the fiscal court and jailer adhere to the policies adopted for all applicable purchases of goods and services. We further recommend that any purchases that are exempt from the advertisement and bidding process be properly documented in the fiscal court's bid files and the official minutes recorded in the county clerk's office.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Administrative Code is being corrected and all necessary bids will be required for purchases of \$20,000 or more.

Jailer's Response: The official did not provide a response.

GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-002 The Fiscal Court Did Not Adequately Design Internal Controls Over The Expenditures Process And Did Not Comply With Requirements Prescribed By The State Local Finance Officer

The design of the expenditures process by the county judge/executive's office allows designated department heads for the road fund, jail fund, landfill fund, and E-911 fund to issue and approve purchase orders, issue checks, and post expenditures to the appropriations ledger. In addition, the department heads are responsible for making sure there is sufficient fund balance and adequate cash balance in the bank to cover the check. Checks issued by department heads are brought to the fiscal court meeting and are signed by the county judge/executive and county treasurer. However, no one is comparing the checks issued by the department heads to the invoices and purchase orders before the checks are signed.

The county judge/executive's office knew the requirements and key controls prescribed by the state local finance officer, but designed internal controls over the expenditure process that did not meet the requirements and omitted key controls.

Without properly designed internal controls over the expenditures process, undetected errors, misappropriation of assets, and inaccurate financial reporting could occur.

Good internal controls over the expenditures process dictates that there is a system of review before checks are entered into the accounting records. In addition, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* lists the duties of the finance officer and county treasurer. Duties of the finance officer require the finance officer to prepare all checks on claims reviewed by the fiscal court and to maintain an appropriations ledger. Duties of the county treasurer require the treasurer to countersign checks only if the following conditions exist: claim reviewed by the fiscal court, sufficient fund balance and adequate cash in the bank to cover the check, and adequate free balance in a properly budgeted appropriation account to cover the check. These duties cannot be delegated to department heads.

We recommend the fiscal court redesign the controls over the expenditures process to meet the above requirements prescribed by the state local finance officer. In addition, we recommend the fiscal court provide oversight by establishing a system of review before checks are signed and entered into the accounting records.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: We have already implemented proper changes to comply with requests. A new position of Finance Officer is writing all checks after proper approval of County Judge and Fiscal Court. An employee appointed by the County Judge verifies all purchase orders and invoices match before checks are approved, written, and entered into accounting records.

GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-003 The Jail Inmate Account Balance Could Not Be Obtained

The inmate account could not be reconciled to bank records. Auditors were unable to get a cumulative report with amounts of each inmate's account that could be compared or reconciled to the inmate bank account balance.

According to the jail bookkeeper, she is unable to retrieve a report that shows the amount in the inmate bank account.

As a result, auditors were unable to verify the accuracy of the jailer's accounting records or determine if misappropriation or fraud had occurred.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* lists the minimum requirements for handling public funds. One of those requirements is to perform a monthly bank reconciliation on all of the jailer's official bank accounts. The inmate bank account should agree or reconcile to the amounts held for inmates as recorded in the jailer's accounting records.

We recommend the jailer obtain a cumulative report showing the total of all individual inmate account balances recorded in the jailer's accounting system and reconcile the total to the inmate bank account balance on a monthly basis.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: Inmate totals balance. Due to the audit being later we were unable to get the reports to be exactly what the auditor was wanting. Working with [vendor] on this problem.

Auditor's Reply: As noted in the finding, without appropriate documentation maintained by the jailer, the accuracy of the inmate balances could not be determined.

2017-004 Accounts Receivable Of Jail Inmate Fees Are Not Properly Accounted For And Reconciled

Financial records to substantiate accounts receivable were not available for the audit period. Also, monitoring of accounts receivable balances or collections of accounts receivable is not done by the jailer or the fiscal court. There is currently no cumulative total for funds owed the jail by inmates. According to the jail bookkeeper, they are unsure how to begin monitoring accounts receivable of inmate fees because there have been no accurate records maintained in the past. There is currently no cumulative total for funds owed the jail by inmates and amounts billed to released inmates could remain uncollected, resulting in lost revenue for the county.

Strong internal controls require procedures to be implemented to accurately and consistently account for funds due to the county from released inmates and to attempt to collect those funds.

We recommend the fiscal court and jailer implement policies and procedures to ensure accounts receivable from inmates are maintained and collected.

**GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-004 Accounts Receivable Of Jail Inmate Fees Are Not Properly Accounted For And Reconciled
(Continued)

These policies and procedures should include but not be limited to:

- Policies and procedures to track and collect amounts receivable from inmates
- A formal collection process, i.e. turn over to the county attorney or designate a staff member to actively attempt collection
- Maintenance of accounts receivable records and collection of amounts due from returning former inmates.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: We can run a report for the cumulative total for inmates, but gives all dates with no option to change that. Working with [vendor] on this. As for collecting outstanding fees we are looking into an outside company to help with that process.

2017-005 The Greenup County Fiscal Court Did Not Maintain A Complete And Accurate Fixed Assets
Schedule

Auditors were not provided a complete and accurate fixed asset schedule. During our audit, we noted the following:

- The county did not maintain records for additions and disposals.
- Key controls were not in place to prevent inaccurate financial reporting, fraud, or misappropriation of assets.

The fiscal court is not adequately monitoring and tracking capital assets. Two assets that met the criteria for capitalization were not added to the fixed asset schedule and required auditor adjustments.

The county treasurer does not have reliable procedures in place to ensure that all additions and deletions are accurately reflected on the fixed asset schedule and the insurance policies. The treasurer stated that she maintains a fixed asset folder in which she keeps all addition and deletion information throughout the year and then adjusts the fixed asset schedule only once per year rather than at the time of the purchase or disposal.

By not maintaining an accurate list of capital assets, assets could be improperly stated, increasing the risk of material misstatement to the capital asset schedule. The fiscal court may not properly determine insurance needs, which could result in financial losses. Furthermore, not performing physical inventories increases the risk of misappropriation of assets.

The Department for Local Government (DLG), under the authority of KRS 68.210, requires the state local finance officer to create a system of uniform accounts for all counties and county officials. *The County Budget Preparation and State Local Finance Officer Policy Manual* requires for purposes of internal control, an asset inventory listing must be maintained for all asset purchases/donations above a reasonable dollar amount, and have useful life of greater than one year. The asset inventory listing should provide the following detail:

- Property Tag number
- Asset description

GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-005 The Greenup County Fiscal Court Did Not Maintain A Complete And Accurate Fixed Assets Schedule (Continued)

- Serial number - if applicable
- Quantity - if applicable
- Cost (or FMV of donated asset at date of donation)
- Date of acquisition
- Date of disposal (track all disposals for entire fiscal year)
- Property location (by department, building & room number)
- Manager/individual responsible

The manual further explains that an annual physical inventory of property and equipment shall be conducted on or before June 30. Physical counts must be compared to the master asset inventory listing. Resulting differences must be reconciled, explained, and documented. The asset inventory listing should be updated for all additions, disposals, and property location changes, etc. Authorization must be given to appropriate accounting personnel for asset record and asset listing modifications.

We recommend the fiscal court implement procedures to identify and track fixed asset additions, retirements, and disposals in order for fixed asset schedules to be complete and accurate. A complete and accurate fixed asset schedule should be presented to the fiscal court at least once a year. The fixed asset schedule should also reconcile to the physical inventory of county assets at the end of each year and to the county's list of inventoried assets and insurance policy.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The new County Treasurer is currently working to correct all asset reports. The Fiscal Court has purchased an asset control system.

2017-006 The Jailer Did Not Implement Adequate Segregation Of Duties And Oversight For Receipts, Disbursements, And Reconciliations

The jailer did not maintain adequate segregation of duties over receipts, disbursement, and reconciliations. The bookkeeper prepares deposits, takes the deposit to the bank, prepares and signs checks, posts these disbursements to the disbursements spreadsheet that is utilized in preparation of the Annual Financial Statement submitted to the fiscal court, and performs the monthly bank reconciliation.

Due to the limited number of employees, the jailer was unable to maintain adequate segregation of duties over receipts, disbursements, and reconciliations. Failure to maintain adequate segregation of duties or implement compensating controls could lead to misstatements or theft. Without strong oversight and limited segregation of duties, this increases the risk for fraud or theft. Segregation of duties, or the implementation of compensating controls, is essential for providing protection to employees in the normal course of business. Without proper segregation of duties, inaccurate financial reporting and misappropriation of assets can occur.

To adequately protect employees in the normal course of business, and to prevent inaccurate financial reporting and misappropriation of assets, we recommend the jailer implement strong oversight in these areas, either by an employee independent of those functions or by the jailer, such as:

**GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-006 The Jailer Did Not Implement Adequate Segregation Of Duties And Oversight For Receipts, Disbursements, And Reconciliations (Continued)

- The jailer should periodically compare bank deposits to the daily checkout sheet and receipts ledger. Any differences should be reconciled. The jailer should document this by initialing the bank deposit, the daily checkout sheet, and the receipts ledger.
- The jailer should review supporting documentation for all disbursements made. The jailer should also compare disbursements written to the disbursements ledger. The jailer should document this by initialing the supporting documentation and the disbursements ledger.
- The jailer should compare the bank reconciliation to the balance in the checkbook. Any differences should be reconciled. The jailer should document this by initialing the bank reconciliation and the balance in the checkbook.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: I, Jailer Mike Worthington, will sign off on spot checks of deposits, disbursements, and reconciliation of these accounts.

2017-007 The Jailer Did Not Comply With All Laws Relating To His Drug Forfeiture Account

This is a repeat finding and was included in the prior year audit report as finding 2013-002. On February 14, 2013, the Greenup County Jailer opened and began operating a drug forfeiture account for the deposit of funds received from forfeiture proceedings authorized under KRS Chapter 218A. In fiscal year 2017, the jailer receipted in \$5,798 and disbursed \$3,945 with an ending cash balance of \$3,219.

The jailer did not seek the guidance of the Kentucky Department of Criminal Justice Training in the Justice and Public Safety Cabinet (DOCJT) before opening and operating a drug forfeiture account.

By not seeking the advice of (DOCJT) the jailer's drug forfeiture operations is contrary to Kentucky Revised Statutes.

Drug forfeiture policies and procedures are regulated by KRS Chapter 218A. KRS 218A.420(4)(a) states that "proceeds from the sale of property forfeited shall be . . . paid to *the law enforcement agency or agencies* which seized the property, to be used for direct law enforcement purposes. (Emphasis in italics added). "Law enforcement agency" is defined in 500 KAR 9:010 as "any governmental body or agency which employs one (1) or more law enforcement officers" as that term is defined in KRS 15.310. We question whether the Jailer is a "law enforcement officer" as defined in KRS 15.310, as well as whether a County, by which the Jailer is employed, is a "law enforcement agency."

KRS 218A.420(6) requires each "local law enforcement agency" that seizes property subject to forfeiture must, prior to receiving any forfeited property, adopt policies relating to the seizure, maintenance, storage, and care of property pending forfeiture that comply with the model policy for seizure of forfeitable assets published by the Kentucky Department of Criminal Justice Training in the Justice and Public Safety Cabinet (DOCJT). We found no evidence that either the jailer, or the county on behalf of the jailer, had adopted any forfeiture policies.

Also, KRS 218A.420(7) requires each local law enforcement agency that seizes property for forfeiture to have one or more officers currently employed attend asset-forfeiture training approved by the DOCJT. We found no evidence that the jailer or any of his deputies had undergone such training.

**GREENUP COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-007 The Jailer Did Not Comply With All Laws Relating To His Drug Forfeiture Account (Continued)

The county cannot negate or ignore a judicial court's Order of Forfeiture that orders assets to be forfeited to the county jailer. Such assets, however, belong to the jailer's agency that employs him, which is the county, and not to him as jailer, or to the jail or detention facility. Thus, the county is responsible for ensuring the proper handling of those court ordered forfeiture funds ordered forfeited to the Jailer.

We recommend the county take an inventory of the asset forfeiture account and all assets to include bank accounts, cash, vehicles etc., and include those in the county's asset schedule. We also recommend the county comply with KRS 218A.420(6) and (7) relating to the requirement to adopt asset forfeiture policies, and relating to the requirement to receive DOCJT asset forfeiture training.

If the jailer continues to maintain an asset forfeiture account, then we recommend the jailer obtain an opinion from the Kentucky Attorney General's office whether a county jailer is a "law enforcement officer," and whether a county is a "law enforcement agency," as those terms are used in KRS Chapter 218A, and administrative regulations promulgated thereunder.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: The Jailer has provided the documentation to the state auditor of compliance of the Drug Forfeiture Account from the Kentucky Department of Criminal Justice Training and Public safety Cabinet. This class was completed on Dec 20, 2016. We were informed by DOCJT the training we had previously from the Commonwealth was sufficient.

Auditor's Reply: The documentation provided by the jailer did not provide proof that DOCJT agreed with their position.

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

GREENUP COUNTY FISCAL COURT

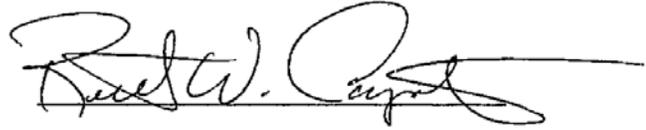
For The Year Ended June 30, 2017

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
GREENUP COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2017

The Greenup 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 black ink, appearing to read "Reed W. Coyne", written over a horizontal line.

County Judge/Executive

A handwritten signature in black ink, appearing to read "Sharon Bates", written over a horizontal line.

County Treasurer