

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

**For The Year Ended  
June 30, 2018**



**MIKE HARMON  
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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 Huston Wells, Franklin County Judge/Executive  
Members of the Franklin 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 Franklin County Fiscal Court, for the year ended June 30, 2018, and the related notes to the financial statement which collectively comprise the Franklin County Fiscal Court's financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statement**

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

**Auditor's Responsibility**

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

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

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



To the People of Kentucky  
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Members of the Franklin 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 Franklin 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 Franklin County Fiscal Court as of June 30, 2018, 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 Franklin County Fiscal Court as of June 30, 2018, 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 Franklin 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  
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Finance and Administration Cabinet  
The Honorable Huston Wells, Franklin County Judge/Executive  
Members of the Franklin County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the Franklin 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 Franklin 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:

- 2018-001 The Franklin County Fiscal Court Did Not Maintain An Accurate Liability Schedule
- 2018-002 The Franklin County Fiscal Court Did Not Maintain Proper Records For The Public Properties Corporation Fund

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

December 17, 2018

**FRANKLIN COUNTY OFFICIALS****For The Year Ended June 30, 2018****Fiscal Court Members:**

Huston Wells	County Judge/Executive
Michael Turner	Magistrate
Fred Goins	Magistrate
Don Sturgeon	Magistrate
Scotty Tracy	Magistrate
Marti Booth	Magistrate
Lambert Moore	Magistrate

**Other Elected Officials:**

Rick Sparks	County Attorney
Rick Rogers	Jailer
Jeff Hancock	County Clerk
Amy Feldman	Circuit Court Clerk
Pat Melton	Sheriff
Tom Gatewood	Property Valuation Administrator
William C. Harrod	Coroner

**Appointed Personnel:**

Susan Laurenson	County Treasurer
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**FRANKLIN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - REGULATORY BASIS**

**For The Year Ended June 30, 2018**

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

**For The Year Ended June 30, 2018**

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 13,002,938	\$	\$	\$
Excess Fees	557,945			
Licenses and Permits	139,888			
Intergovernmental	653,432	1,390,499	2,310,048	215,243
Charges for Services	445,645		161,251	
Miscellaneous	2,526,829	36,632	218,792	44,738
Interest	14,579			
Total Receipts	<u>17,341,256</u>	<u>1,427,131</u>	<u>2,690,091</u>	<u>259,981</u>
<b>DISBURSEMENTS</b>				
General Government	5,515,518			
Protection to Persons and Property	1,003,879		3,420,936	
General Health and Sanitation	1,617,133	43,092		
Social Services	411,709			
Recreation and Culture	685,123			
Roads		2,197,545		324,274
Debt Service	348,091			
Capital Projects	189,010			
Administration	2,513,943	328,803	833,779	
Total Disbursements	<u>12,284,406</u>	<u>2,569,440</u>	<u>4,254,715</u>	<u>324,274</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>5,056,850</u>	<u>(1,142,309)</u>	<u>(1,564,624)</u>	<u>(64,293)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Bond Proceeds				
Bond Reoffering Premium				
Bond Underwriters Discount				
Bond Proceeds To Escrow Agent				
Transfers From Other Funds		1,150,000	1,600,000	
Transfers To Other Funds	(5,740,000)			
Total Other Adjustments to Cash (Uses)	<u>(5,740,000)</u>	<u>1,150,000</u>	<u>1,600,000</u>	
Net Change in Fund Balance	(683,150)	7,691	35,376	(64,293)
Fund Balance - Beginning	6,117,038	77,866	74,847	330,268
Fund Balance - Ending	<u>\$ 5,433,888</u>	<u>\$ 85,557</u>	<u>\$ 110,223</u>	<u>\$ 265,975</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 5,834,080	\$ 528,412	\$ 209,823	\$ 319,604
Plus: Deposits In Transit	3,927			
Less: Outstanding Checks	(555,830)	(442,855)	(99,600)	(53,629)
Certificates of Deposit	151,711			
Fund Balance - Ending	<u>\$ 5,433,888</u>	<u>\$ 85,557</u>	<u>\$ 110,223</u>	<u>\$ 265,975</u>

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

**FRANKLIN COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2018**  
**(Continued)**

<u>Budgeted Funds</u>				
<u>CDBG/Federal Special Projects Fund</u>	<u>Fire Protection Fund</u>	<u>Special Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
\$	\$ 2,104,103	\$	\$	\$
214,142	265,786			
	5,771			
<u>214,142</u>	<u>2,375,660</u>			
280,831	3,177,606			
			443,091	
			33,007	
	1,392,462			
<u>280,831</u>	<u>4,570,068</u>		<u>476,098</u>	
<u>(66,689)</u>	<u>(2,194,408)</u>		<u>(476,098)</u>	
200,000	2,300,000		490,000	
<u>200,000</u>	<u>2,300,000</u>		<u>490,000</u>	
133,311	105,592		13,902	
94,094	185,830	120,000	127,420	415,334
<u>\$ 227,405</u>	<u>\$ 291,422</u>	<u>\$ 120,000</u>	<u>\$ 141,322</u>	<u>\$ 415,334</u>
\$ 227,405	\$ 305,047	\$ 120,000	\$ 163,549	\$ 415,334
	(13,625)		(22,227)	
<u>\$ 227,405</u>	<u>\$ 291,422</u>	<u>\$ 120,000</u>	<u>\$ 141,322</u>	<u>\$ 415,334</u>

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

**FRANKLIN COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<u>Unbudgeted Funds</u>		
	<u>Jail Commissary Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 15,107,041
Excess Fees			557,945
Licenses and Permits			139,888
Intergovernmental		2,147,632	7,196,782
Charges for Services			606,896
Miscellaneous	825,075		3,657,837
Interest		409	14,988
Total Receipts	<u>825,075</u>	<u>2,148,041</u>	<u>27,281,377</u>
<b>DISBURSEMENTS</b>			
General Government			5,796,349
Protection to Persons and Property			7,602,421
General Health and Sanitation			1,660,225
Social Services			411,709
Recreation and Culture	972,904		1,658,027
Roads			2,521,819
Debt Service		2,226,806	3,017,988
Capital Projects			222,017
Administration			5,068,987
Total Disbursements	<u>972,904</u>	<u>2,226,806</u>	<u>27,959,542</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(147,829)</u>	<u>(78,765)</u>	<u>(678,165)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Bond Proceeds		8,410,000	8,410,000
Bond Reoffering Premium		648,418	648,418
Bond Underwriters Discount		(123,508)	(123,508)
Bond Proceeds To Escrow Agent		(8,851,668)	(8,851,668)
Transfers From Other Funds			5,740,000
Transfers To Other Funds			(5,740,000)
Total Other Adjustments to Cash (Uses)		<u>83,242</u>	<u>83,242</u>
Net Change in Fund Balance	(147,829)	4,477	(594,923)
Fund Balance - Beginning	281,627	40,567	7,864,891
Fund Balance - Ending	<u>\$ 133,798</u>	<u>\$ 45,044</u>	<u>\$ 7,269,968</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 147,931	\$ 45,044	\$ 8,316,229
Plus: Deposits In Transit	354		4,281
Less: Outstanding Checks	(14,487)		(1,202,253)
Certificates of Deposit			151,711
Fund Balance - Ending	<u>\$ 133,798</u>	<u>\$ 45,044</u>	<u>\$ 7,269,968</u>

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

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**FRANKLIN COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2018**

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

**A. Reporting Entity**

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

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

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

**Budgeted Funds (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.

CDBG/Federal Special Projects 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.

Fire Protection Fund - The primary purpose of this fund is to account for fire commission receipts from the state fire commission.

Special Reserve Fund - This fund was established to show commitment for a joint community wide aquatics facility.

Capital Projects Fund - County facilities are needed to provide space for sheriff's office and a new fire station. In addition, existing aged facilities that are in need of major repairs including roofing and windows.

Debt Service Fund - This fund reserves funds for debt service.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

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

Public Properties Corporation Fund - This fund issued debt for the construction of the Justice Center. This fund has receipts from the Administrative Office of the Courts in the amount necessary to make the debt payments associated with the Justice Center.

**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.

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

**D. Budgetary Information (Continued)**

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

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

**E. Franklin County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Franklin 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 Franklin County Fiscal Court.

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

**F. Deposits**

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. Tax Abatements**

GASB Statement No. 77 - Tax Abatement Disclosures is effective for reporting periods beginning after December 15, 2015.

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

**H. Tax Abatements (Continued)**

The requirements of this statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public presently. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

**Note 2. Deposits and Investments**

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, 2018, 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 2018.

	General Fund	Total Transfers In
Road Fund	\$ 1,150,000	\$ 1,150,000
Jail Fund	1,600,000	1,600,000
CDBG/Federal Special Projects Fund	200,000	200,000
Fire Protection Fund	2,300,000	2,300,000
Capital Projects Fund	490,000	490,000
	<hr/>	<hr/>
Total Transfers Out	<u>\$ 5,740,000</u>	<u>\$ 5,740,000</u>

Reason for transfers:

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

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 4. Long-term Debt**

**A. First Mortgage Revenue Bonds Series 2011A - Public Properties Corporation**

On May 3, 2011, the Franklin County Public Properties Corporation issued \$5,125,000 in First Mortgage Revenue Bonds, Series 2011A, dated May 3, 2011, with semi-annual interest payments beginning October 1, 2011, at varying rate of 4.3 percent to 4.5 percent. Principal payments on the debt begin on April 1, 2029. The debt was issued to retire the Bond Anticipation Renewal Notes, Series 2010. On December 1, 2017, these bonds were partially defeased with First Mortgage Refunding Revenue Bonds, Series 2017. The outstanding principal balance as of June 30, 2018, was \$3,055,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$	\$ 133,340
2020		133,340
2021		133,340
2022		133,340
2023		133,340
2024-2028		666,700
2029-2030	3,055,000	220,240
Totals	\$ 3,055,000	\$ 1,553,640

**B. First Mortgage Revenue Bonds Series 2011B - Public Properties Corporation**

On May 3, 2011, the Franklin County Public Properties Corporation issued \$23,890,000 in First Mortgage Revenue Bonds, Series 2011B, dated May 3, 2011, payable in 18 annual principal installments beginning April 1, 2012, with semi-annual interest payments at varying rates of 3 percent to 5 percent beginning October 1, 2011. These bonds were used for the construction of the Justice Center Project. The Corporation entered into a contract lease and option with the Administrative Office of the Courts (AOC), Commonwealth of Kentucky (98%) and Franklin County Fiscal Court (2%) for the Justice Center Project. On December 1, 2017, these bonds were partially defeased with First Mortgage Refunding Revenue Bonds, Series 2017. The outstanding principal balance as of June 30, 2018, was \$9,910,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 1,260,000	\$ 396,725
2020	1,305,000	355,775
2021	1,355,000	303,575
2022	1,410,000	249,375
2023	1,465,000	192,975
2024-2025	3,115,000	203,938
Totals	\$ 9,910,000	\$ 1,702,363

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

**C. First Mortgage Revenue Refunding Bonds Series 2017 - Public Properties Corporation**

On December 1, 2017, the Franklin County Public Properties Corporation issued \$8,410,000 in First Mortgage Revenue Refunding Bonds. Proceeds from the bonds will be used for the purpose of (i) the advance refunding of all or certain maturities of the \$5,125,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011A, dated May 3 2011; (ii) the advance refunding of all or certain maturities of the \$23,890,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011B, dated May 3, 2011; (iii) the payment of accrued interest, if any; and (iv) the payment of the cost of issuance incurred with respect to the issuance of the bonds. Principal payments are due annually on April 1 beginning April 1, 2021. Interest payments, which varies from 3 percent to 5 percent, are payable semi-annually on April 1 and October 1. The outstanding principal balance as of June 30, 2018, was \$8,410,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$	\$ 308,875
2020		308,875
2021	65,000	308,875
2022	65,000	307,575
2023	70,000	306,275
2024-2028	6,085,000	1,325,850
2029-2031	2,125,000	190,500
Totals	<u>\$ 8,410,000</u>	<u>\$ 3,056,825</u>

**D. Financing Obligation - Pumper Truck**

On September 20, 2013, the Franklin County Fiscal Court entered into a five-year lease agreement with Kentucky Association of Counties Leasing Trust (KACoLT) for a pumper truck for the fire department in the amount of \$409,766 with monthly principal and interest payments. As of June 30, 2018, the outstanding balance was \$20,489. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	<u>\$ 20,489</u>	<u>\$ 158</u>
Totals	<u>\$ 20,489</u>	<u>\$ 158</u>

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

**E. Financing Obligation - Fire Department**

On October 28, 2015, the Franklin County Fiscal Court issued \$2,200,000 in General Obligation Lease Bonds Series 2015, dated October 28, 2015, payable in 10 annual principal installments beginning June 30, 2017, with semi-annual interest payments at 2.08 percent beginning June 1, 2016. These bonds were used for the construction of a fire station. As of June 30, 2018, the outstanding balance was \$1,795,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 210,000	\$ 35,152
2020	215,000	30,732
2021	220,000	26,208
2022	220,000	21,632
2023	225,000	17,004
2024-2026	705,000	22,204
Totals	<u>\$ 1,795,000</u>	<u>\$ 152,932</u>

**F. Financing Obligation - Multi Purpose Office Building Renovation**

On August 10, 2016, the Franklin County Fiscal Court borrowed \$400,000 payable in 60 monthly principal installments beginning August 10, 2016, with interest payments at 2.59 percent. These funds were used to renovate a multi-purpose office building. As of June 30, 2018, the outstanding balance was \$304,878. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 78,394	\$ 7,063
2020	80,477	4,980
2021	82,607	2,850
2022	63,400	693
Totals	<u>\$ 304,878</u>	<u>\$ 15,586</u>

**G. Financing Obligation - Land**

On August 27, 2003, the Franklin County Fiscal Court entered into a lease agreement with KACO Leasing Trust through Capital Community Economic/Industrial Development Authority (CCEIDA) for the purchase of land to construct a building for Bluegrass Community Action Agency (BGCAA). CCEIDA received the proceeds. BGCAA makes all payments on the lease. As of June 30, 2018, the outstanding balance was \$302,000. Future principal and interest requirements are:

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

**G. Financing Obligation - Land (Continued)**

Fiscal Year Ended June 30	Principal	Interest
2019	\$ 55,000	\$ 13,967
2020	58,000	11,445
2021	60,000	8,725
2022	63,000	5,966
2023	66,000	3,052
Totals	<u>\$ 302,000</u>	<u>\$ 43,155</u>

**H. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2018, was as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 22,285,000	\$ 8,410,000	\$ 9,320,000	\$ 21,375,000	\$ 1,260,000
Financing Obligations	2,838,682		416,315	2,422,367	308,883
Total Long-term Debt	<u>\$ 25,123,682</u>	<u>\$ 8,410,000</u>	<u>\$ 9,736,315</u>	<u>\$ 23,797,367</u>	<u>\$ 1,568,883</u>

The beginning balance for financing obligations was restated by \$355,000, due to a financing obligation being left off in the prior year.

**Note 5. Employee Retirement System**

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

The county's contribution for FY 2016 was \$2,101,235, FY 2017 was \$2,306,573, and FY 2018 was \$2,332,651.

Nonhazardous

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

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

Nonhazardous (Continued)

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

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

The county's contribution rate for nonhazardous employees was 19.18 percent.

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board 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 hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 31.55 percent.

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5%. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5% cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

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

Other Post-Employment Benefits (OPEB) (Continued)

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5%. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5% COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5%. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

E. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

KRS Annual Financial Report and Proportionate Share Audit Report

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

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

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 6. Deferred Compensation**

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

**Note 7. Health Reimbursement Account/Flexible Spending Account**

The Franklin County Fiscal Court established a health reimbursement and flexible spending account to provide employees additional health benefits. The health reimbursement plan provides funds for employees that waive county paid health insurance. In addition, the county also offers the flexible spending option for county employees to contribute their own pre-tax funds through payroll deduction into the account. The county has contracted with a third-party administrator to administer the plans, the balance of the account as of June 30, 2018, was \$25,418.

**Note 8 Insurance**

For the fiscal year ended June 30, 2018, the Franklin 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 9. Related Party Transactions**

The Franklin County Fiscal Court paid \$1,665 to a sand and gravel company owned by the brother of a magistrate. In addition, the county paid \$3,355 to a business for the county's portion of gym memberships for employees through the gym subsidy program. The deputy judge/executive is part owner of the gym.

**Note 10. Conduit Debt**

From time to time the county has issued bonds to provide financial assistance industries in Franklin County 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 Franklin 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. As of June 30, 2018, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 11. Tax Abatements**

The occupational tax was abated under the authority of Kentucky Business Investment. The companies listed below are eligible to receive this tax abatement as a result of their commitment to create certain jobs and investments in Frankfort, Kentucky. The taxes are abated by allowing the companies to retain or have rebated to them 0.5 percent of subject wages and compensation earned in Franklin County, Kentucky in accordance with the Franklin County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes can be suspended if the company does not maintain the required baseline of employees.

**A. Beam Global Spirits And Wine**

The occupational tax license fee was abated under the authority of Resolution No. 45-2012, adopted by the county on August 14, 2012. Beam Global Spirits and Wine is eligible to receive this tax abatement due to anticipated growth over the employment baseline. The taxes are abated by reimbursement of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2018, the Franklin County Fiscal Court did not abate any occupational tax license fees.

**B. Buffalo Trace Distillery, Inc.**

The occupational tax license fee was abated under the authority of Resolution No. 45-2016, adopted by the county on December 22, 2016. Buffalo Trace Distillery, Inc. is eligible to receive this tax abatement due to its commitment to expand operations and create jobs and investments. The taxes are abated by a rebate of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2018, the Franklin County Fiscal Court did not abate any occupational tax license fees.

**C. Custom Data Processing**

The occupational tax license fee was abated under the authority of Resolution No. 10-2011, adopted by the county on February 17, 2011. Custom Data Processing is eligible to receive this tax abatement due to its commitment to expand operations and create jobs and investments. The taxes are abated allowing the company to retain one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2018, the Franklin County Fiscal Court did not abate any occupational tax license fees.

**D. Hayashi Telempu North America**

The occupational tax license fee was abated under the authority of Resolution No. 37-2016, adopted by the county on October 28, 2016. Hayashi Telempu North America is eligible to receive this tax abatement due to its commitment to establish new operations and create jobs and investments. The taxes are abated by reimbursement of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2018, the Franklin County Fiscal Court did not abate any occupational tax license fees.

**FRANKLIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 11. Tax Abatements (Continued)**

E. Mitsui Kinzoku Catalysts America, Inc.

The occupational tax license fee was abated under the authority of Resolution No. 27-2013, adopted by the county on August 29, 2013. Mitsui Kinzoku Catalysts America, Inc. is eligible to receive this tax abatement due to its commitment to establish new operations and create jobs and investments. The taxes are abated by reimbursement of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2018, the Franklin County Fiscal Court did not abate any occupational tax license fees.

F. Montaplast

The occupational tax license fee was abated under the authority of Resolution No. 31-2010, adopted by the county on November 5, 2010. Montaplast is eligible to receive this tax abatement due to its commitment to expand its existing operations and create jobs and investments. The taxes are abated allowing the company to retain one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2018, the Franklin County Fiscal Court did not abate any occupational tax license fees.

**Note 12. Receivable**

In January 2004, the Franklin County Fiscal Court entered into a lease agreement to borrow \$69,000 for the purchase of a 5-ton overhead crane for RJ Industries, who delivered an irrevocable letter of credit for the entire loan amount. The county agreed to make the payments and they were to be reimbursed by RJ Industries. The \$69,000 loan proceeds were received by the county but were then paid to RJ Industries. The loan was paid off during fiscal year 2009, which was a year ahead of schedule. RJ Industries defaulted on the associated receivable and a balance of \$6,653 remains owed to Franklin County.

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

**For The Year Ended June 30, 2018**

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

**For The Year Ended June 30, 2018**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 12,763,000	\$ 13,073,533	\$ 13,002,938	\$ (70,595)
Excess Fees	381,587	548,778	557,945	9,167
Licenses and Permits	240,500	240,500	139,888	(100,612)
Intergovernmental	788,100	791,700	653,432	(138,268)
Charges for Services	464,000	464,000	445,645	(18,355)
Miscellaneous	2,611,044	2,611,044	2,526,829	(84,215)
Interest	10,000	10,000	14,579	4,579
Total Receipts	<u>17,258,231</u>	<u>17,739,555</u>	<u>17,341,256</u>	<u>(398,299)</u>
<b>DISBURSEMENTS</b>				
General Government	5,680,490	5,881,239	5,515,518	365,721
Protection to Persons and Property	809,161	1,007,285	1,003,879	3,406
General Health and Sanitation	1,612,288	1,619,007	1,617,133	1,874
Social Services	396,504	420,681	411,709	8,972
Recreation and Culture	661,020	725,561	685,123	40,438
Debt Service	300,000	280,000	348,091	(68,091)
Capital Projects	264,500	194,500	189,010	5,490
Administration	2,664,610	2,741,624	2,513,943	227,681
Total Disbursements	<u>12,388,573</u>	<u>12,869,897</u>	<u>12,284,406</u>	<u>585,491</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>4,869,658</u>	<u>4,869,658</u>	<u>5,056,850</u>	<u>187,192</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(6,037,531)	(6,537,531)	(5,740,000)	797,531
Total Other Adjustments to Cash (Uses)	<u>(6,037,531)</u>	<u>(6,537,531)</u>	<u>(5,740,000)</u>	<u>797,531</u>
Net Change in Fund Balance	(1,167,873)	(1,667,873)	(683,150)	984,723
Fund Balance - Beginning	<u>1,167,873</u>	<u>1,667,873</u>	<u>6,117,038</u>	<u>4,449,165</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,433,888</u>	<u>\$ 5,433,888</u>

**FRANKLIN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,606,013	\$ 1,606,013	\$ 1,390,499	\$ (215,514)
Miscellaneous	43,000	43,000	36,632	(6,368)
Total Receipts	<u>1,649,013</u>	<u>1,649,013</u>	<u>1,427,131</u>	<u>(221,882)</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	3,500	45,500	43,092	2,408
Roads	2,504,707	2,462,707	2,197,545	265,162
Administration	342,000	342,000	328,803	13,197
Total Disbursements	<u>2,850,207</u>	<u>2,850,207</u>	<u>2,569,440</u>	<u>280,767</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,201,194)</u>	<u>(1,201,194)</u>	<u>(1,142,309)</u>	<u>58,885</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,201,194	1,201,194	1,150,000	(51,194)
Total Other Adjustments to Cash (Uses)	<u>1,201,194</u>	<u>1,201,194</u>	<u>1,150,000</u>	<u>(51,194)</u>
Net Change in Fund Balance			7,691	7,691
Fund Balance - Beginning			<u>77,866</u>	<u>77,866</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 85,557</u>	<u>\$ 85,557</u>

**FRANKLIN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,126,300	\$ 2,126,300	\$ 2,310,048	\$ 183,748
Charges for Services	92,100	92,100	161,251	69,151
Miscellaneous	166,000	166,000	218,792	52,792
Total Receipts	<u>2,384,400</u>	<u>2,384,400</u>	<u>2,690,091</u>	<u>305,691</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	3,374,500	3,473,939	3,420,936	53,003
Administration	879,037	859,598	833,779	25,819
Total Disbursements	<u>4,253,537</u>	<u>4,333,537</u>	<u>4,254,715</u>	<u>78,822</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,869,137)</u>	<u>(1,949,137)</u>	<u>(1,564,624)</u>	<u>384,513</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>1,869,137</u>	<u>1,949,137</u>	<u>1,600,000</u>	<u>(349,137)</u>
Total Other Adjustments to Cash (Uses)	<u>1,869,137</u>	<u>1,949,137</u>	<u>1,600,000</u>	<u>(349,137)</u>
Net Change in Fund Balance			35,376	35,376
Fund Balance - Beginning			<u>74,847</u>	<u>74,847</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 110,223</u>	<u>\$ 110,223</u>

**FRANKLIN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 215,243	\$ (14,757)
Miscellaneous		44,738	44,738	
Total Receipts	<u>230,000</u>	<u>274,738</u>	<u>259,981</u>	<u>(14,757)</u>
<b>DISBURSEMENTS</b>				
Roads	<u>286,000</u>	<u>339,638</u>	<u>324,274</u>	<u>15,364</u>
Total Disbursements	<u>286,000</u>	<u>339,638</u>	<u>324,274</u>	<u>15,364</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(56,000)</u>	<u>(64,900)</u>	<u>(64,293)</u>	<u>607</u>
Net Change in Fund Balance	(56,000)	(64,900)	(64,293)	607
Fund Balance - Beginning	<u>56,000</u>	<u>64,900</u>	<u>330,268</u>	<u>265,368</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 265,975</u>	<u>\$ 265,975</u>

**FRANKLIN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

**CDBG/FEDERAL SPECIAL PROJECTS FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 187,500	\$ 699,500	\$ 214,142	\$ (485,358)
Total Receipts	187,500	699,500	214,142	(485,358)
<b>DISBURSEMENTS</b>				
General Government	225,000	1,157,000	280,831	876,169
Total Disbursements	225,000	1,157,000	280,831	876,169
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(37,500)	(457,500)	(66,689)	390,811
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	37,500	457,500	200,000	(257,500)
Total Other Adjustments to Cash (Uses)	37,500	457,500	200,000	(257,500)
Net Change in Fund Balance			133,311	133,311
Fund Balance - Beginning			94,094	94,094
Fund Balance - Ending	\$ 0	\$ 0	\$ 227,405	\$ 227,405

**FRANKLIN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>FIRE PROTECTION FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,900,000	\$ 2,075,000	\$ 2,104,103	\$ 29,103
Intergovernmental	280,000	280,000	265,786	(14,214)
Miscellaneous	10,000	10,000	5,771	(4,229)
Total Receipts	<u>2,190,000</u>	<u>2,365,000</u>	<u>2,375,660</u>	<u>10,660</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	3,193,700	3,363,600	3,177,606	185,994
Administration	1,435,000	1,440,100	1,392,462	47,638
Total Disbursements	<u>4,628,700</u>	<u>4,803,700</u>	<u>4,570,068</u>	<u>233,632</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,438,700)</u>	<u>(2,438,700)</u>	<u>(2,194,408)</u>	<u>244,292</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	2,438,700	2,438,700	2,300,000	(138,700)
Total Other Adjustments to Cash (Uses)	<u>2,438,700</u>	<u>2,438,700</u>	<u>2,300,000</u>	<u>(138,700)</u>
Net Change in Fund Balance			105,592	105,592
Fund Balance - Beginning			<u>185,830</u>	<u>185,830</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 291,422</u>	<u>\$ 291,422</u>

**FRANKLIN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>SPECIAL RESERVE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 0	\$ 0	\$ 0	\$ 0
Total Receipts				
<b>DISBURSEMENTS</b>				
Administration				
Total Disbursements				
Net Change in Fund Balance				
Fund Balance - Beginning			120,000	120,000
Fund Balance - Ending	\$ 0	\$ 0	\$ 120,000	\$ 120,000

**FRANKLIN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>CAPITAL PROJECTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>DISBURSEMENTS</b>				
Debt Service	\$ 443,000	\$ 443,000	\$ 443,091	\$ (91)
Capital Projects	48,000	48,000	33,007	14,993
Total Disbursements	<u>491,000</u>	<u>491,000</u>	<u>476,098</u>	<u>14,902</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(491,000)</u>	<u>(491,000)</u>	<u>(476,098)</u>	<u>14,902</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>491,000</u>	<u>491,000</u>	<u>490,000</u>	<u>(1,000)</u>
Total Other Adjustments to Cash (Uses)	<u>491,000</u>	<u>491,000</u>	<u>490,000</u>	<u>(1,000)</u>
Net Change in Fund Balance			13,902	13,902
Fund Balance - Beginning			<u>127,420</u>	<u>127,420</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 141,322</u>	<u>\$ 141,322</u>

**FRANKLIN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

<b>DEBT SERVICE FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 0	\$ 0	\$ 0	\$ 0
Total Receipts				
<b>DISBURSEMENTS</b>				
Administration				
Total Disbursements				
Net Change in Fund Balance				
Fund Balance - Beginning			415,334	415,334
Fund Balance - Ending	\$ 0	\$ 0	\$ 415,334	\$ 415,334

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

**June 30, 2018**

**Note 1. Budgetary Information**

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

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

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

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

General fund debt service disbursements exceeded budgeted appropriations by \$68,091. Capital projects fund debt service disbursements exceeded budgeted appropriations by \$91.

**FRANKLIN COUNTY  
SCHEDULE OF CAPITAL ASSETS  
Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2018**

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**FRANKLIN COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2018**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (*Restated)	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 4,122,414	\$	\$	\$ 4,122,414
Buildings*	47,810,314	235,370		48,045,684
Furniture and Equipment*	4,645,537	394,066		5,039,603
Vehicles*	6,846,383	303,353	13,000	7,136,736
Infrastructure	54,657,672	746,220		55,403,892
Total Capital Assets	<u>\$ 118,082,320</u>	<u>\$ 1,679,009</u>	<u>\$ 13,000</u>	<u>\$ 119,748,329</u>

**FRANKLIN COUNTY  
NOTES TO REGULATORY SUPPLEMENTARY  
INFORMATION - SCHEDULE OF CAPITAL ASSETS**

**June 30, 2018**

**Note 1. Capital Assets**

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	20
Land	\$ 1	
Buildings and Building Improvements	\$ 50,000	10-40
Machinery and Equipment	\$ 5,000	3-10
Vehicles	\$ 5,000	5
Infrastructure	\$ 100,000	25-50

**Note 2. Prior Period Adjustments**

Buildings decreased by \$265,045, furniture and equipment decreased by \$142,340, and vehicles decreased by \$3,143 due to errors and omissions in the prior year audit.

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

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

The Honorable Huston Wells, Franklin County Judge/Executive  
Members of the Franklin 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 Franklin County Fiscal Court for the fiscal year ended June 30, 2018, and the related notes to the financial statement which collectively comprise the Franklin County Fiscal Court's financial statement and have issued our report thereon dated December 17, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Franklin County Fiscal Court's internal control over financial reporting (internal control) to determine 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 Franklin County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Franklin 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 2018-001 and 2018-002 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 Franklin County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2018-001.

### **Views of Responsible Official and Planned Corrective Action**

Franklin 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 17, 2018

**FRANKLIN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2018**

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**FRANKLIN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2018**

FINANCIAL STATEMENT FINDINGS:

2018-001 The Franklin County Fiscal Court Did Not Maintain An Accurate Liability Schedule

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The Franklin County Fiscal Court's Liability Schedule included as part of the fourth quarter report presented to Department for Local Government (DLG) was materially misstated. The fiscal court did not report all debt of the fiscal court. The Public Properties Corporation and Industrial Park building improvements debt were omitted from the liability schedule.

The fiscal court stated that they were not aware that these debt payments and balances should be reported. By not accurately reporting debt, the fiscal court is not in compliance with KRS 68.210. In addition, the fiscal court is not providing a complete overview of their debt by understating it by \$21,475,000 in principal and \$4,612,127 in interest.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Per the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, all county money is to be reported on the financial statement whether it is included in the budget or not. Documentation of the county's liabilities must be submitted to the state local finance officer.

We recommend the fiscal court ensure all debt has been disclosed and the balances are accurate when reporting the fiscal court's liabilities on the fourth quarter report submitted to DLG.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The PPC debt is reported on our annual audited financial statements, our local government debt report maintained by DLG as well as disclosed through our annual reports to MSRB. The Industrial Park building is also included on our local government debt report as well as the audited financial statements and budget (see attached) of the Capital Community Economic/Industrial Development Authority established jointly by the county and the city of Frankfort. Neither of these issues require any receipts or disbursements by the county since they are handled by the other respective agencies and therefore have not been included on our county quarterly financial statement form to DLG. No prior comment has been received to identify the omission. Going forward, the county will include the PPC and the Industrial Park debts on the county quarterly financial form.*

Auditor's Reply: The attachments mentioned above have not been included in the audit report. These items do not alleviate the county's responsibility to report the debt in its fourth quarter report. The fiscal court should report the debt in the liabilities section of the quarterly report as the county judge/executive stated they will do in the future.

2018-002 The Franklin County Fiscal Court Did Not Maintain Proper Records For The Public Properties Corporation Fund

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The fiscal court did not maintain ledgers for receipts and disbursements, did not prepare bank reconciliations, and did not prepare financial statements for fiscal year ended June 30, 2018, for the Public Properties Corporation fund. The bank statements were maintained on file but payments were not traced to debt schedules.

The fiscal court was not aware that they should be performing bank reconciliations and financial reporting for these accounts. Failure to track debt payments and provide adequate oversight of these accounts held in the county's name could lead to undetected errors. The county has no way to ensure debt payments were made per schedules or that all transactions shown on the bank statements were allowable.

**FRANKLIN COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2018**  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-002 The Franklin County Fiscal Court Did Not Maintain Proper Records For The Public Properties Corporation Fund (Continued)

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The fiscal court is financially accountable and legally obligated for the debt of the Public Properties Corporation and this entity is reported as an unbudgeted fund of the fiscal court.

We recommend the fiscal court prepare and maintain ledgers for the receipts and disbursements of the Public Properties Corporation fund. We also recommend the fiscal court prepare monthly bank reconciliations and an end-of-the-year financial statement for the Public Properties Corporation fund.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The Fiscal Court (county) formed the PPC for the primary activity and purpose of financing and constructing a Justice Center in cooperation with the Kentucky Administrative Office of the Courts. All records pertaining to the PPC are retained by the fiscal court clerk. Since 2011 when the first debt was issued for the project, the county's annual audits have included and reported the financial activity and position of the PPC. Continuing disclosure documents have been filed regularly with our financial advisors and posted with the Municipal Securities Review Board. The Department for Local Government, our regulatory agency, includes the PPC bond issues with our reported local debt although not stated on the county quarterly reports. Going forward, the PPC debt will be included on the county quarterly reports to DLG, bank reconciliations will be performed, and ledgers maintained during the year.*

Auditor's Reply: Although the county included the PPC in its annual audits, reporting alone is not sufficient control. Activity should be accounted for as it occurs in basic ledgers for appropriate oversight and monitoring.

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

**FRANKLIN COUNTY FISCAL COURT**

**For The Year Ended June 30, 2018**

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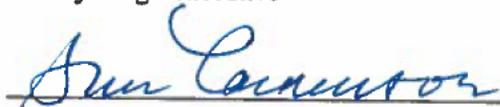
**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE**  
**FRANKLIN COUNTY FISCAL COURT**

**For The Year Ended June 30, 2018**

The Franklin 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.



**County Judge/Executive**



**County Treasurer**