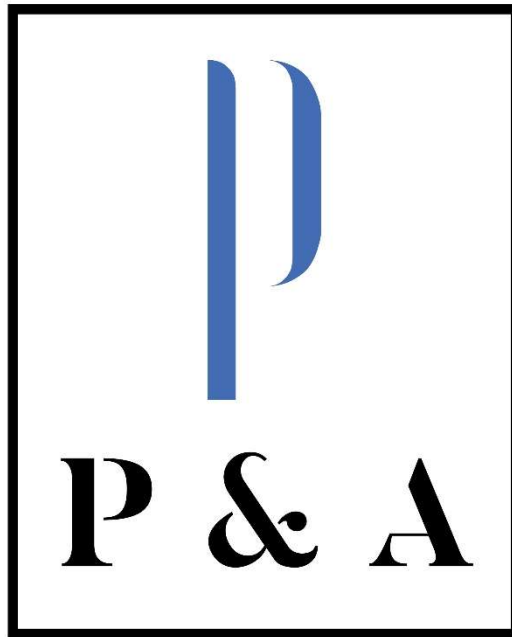


**REPORT OF THE AUDIT OF THE
JESSAMINE COUNTY
FISCAL COURT**

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



PATRICK & ASSOCIATES, LLC

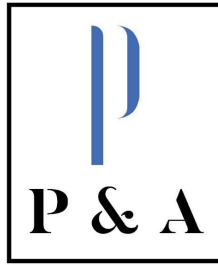
**124 Candlewood Drive
Winchester, KY 40391**

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PATRICK & ASSOCIATES, LLC

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine 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 Jessamine County Fiscal Court, for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Jessamine 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 Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine 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 Jessamine 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 Jessamine County Fiscal Court as of June 30, 2019, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Jessamine County Fiscal Court as of June 30, 2019, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary and Other Information

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

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Other Matters (Continued)

Supplementary and Other Information (Continued)

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

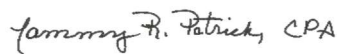
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2020 on our consideration of the Jessamine 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 Jessamine 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:

2019-001 The Jailer Lacks Internal Control Over Receipts

Respectfully submitted,



Tammy Patrick, CPA
Patrick & Associates, LLC

January 9, 2020

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

David K. West	County Judge/Executive
Terry Meckstroth	Magistrate
Gary Morgan	Magistrate
Kent Slusher	Magistrate
Justin Ray	Magistrate
Tim Vaughn	Magistrate
Paul Floyd	Magistrate

Other Elected Officials:

Brian Goettl	County Attorney
Jon Sallee	Jailer
Johnny Collier	County Clerk
Doug Fain	Circuit Court Clerk
Kevin Corman	Sheriff
Brad Freeman	Property Valuation Administrator
Michael Hughes	Coroner

Appointed Personnel:

Tami East	County Treasurer
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JESSAMINE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2019

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

For The Year Ended June 30, 2019

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 12,521,663	\$	\$	\$
Excess Fees	962,044			
Licenses and Permits	234,284			
Intergovernmental	1,085,906	1,414,400	875,562	150,542
Charges for Services	596,043		201,947	
Miscellaneous	1,152,450	12,593	58,597	8,475
Interest	74,190	17,445	985	2,736
Total Receipts	<u>16,626,580</u>	<u>1,444,438</u>	<u>1,137,091</u>	<u>161,753</u>
DISBURSEMENTS				
General Government	3,807,518			55,000
Protection to Persons and Property	682,704		2,343,881	
General Health and Sanitation	1,621,249			
Social Services	180,621			
Recreation and Culture	727,899			44,579
Roads		1,257,296		175,982
Other Transportation Facilities and Services	127,953			
Debt Service	240,158			
Capital Projects	46,149	155,360		
Administration	4,921,011	113,837	358,824	
Total Disbursements	<u>12,355,262</u>	<u>1,526,493</u>	<u>2,702,705</u>	<u>275,561</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>4,271,318</u>	<u>(82,055)</u>	<u>(1,565,614)</u>	<u>(113,808)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				
Transfers From Other Funds	1,592,424	950,000	1,585,000	
Transfers To Other Funds	(4,325,000)	(950,000)		
Total Other Adjustments to Cash (Uses)	<u>(2,732,576)</u>		<u>1,585,000</u>	
Net Change in Fund Balance	1,538,742	(82,055)	19,386	(113,808)
Fund Balance - Beginning (Restated)	<u>3,943,772</u>	<u>761,355</u>	<u>51,459</u>	<u>175,243</u>
Fund Balance - Ending	<u>\$ 5,482,514</u>	<u>\$ 679,300</u>	<u>\$ 70,845</u>	<u>\$ 61,435</u>
Composition of Fund Balance				
Bank Balance	\$ 2,715,307	\$ 841,362	\$ 77,665	\$ 61,435
Less: Outstanding Checks	(173,122)	(162,062)	(6,820)	
Certificates of Deposit	2,940,329			
Fund Balance - Ending	<u>\$ 5,482,514</u>	<u>\$ 679,300</u>	<u>\$ 70,845</u>	<u>\$ 61,435</u>

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

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

<u>Budgeted Funds</u>			<u>Unbudgeted Fund</u>	<u>Internal Service Fund</u>	
<u>Jail Construction Fund</u>	<u>County Bond Sinking Fund</u>	<u>Emergency Services Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>	<u>Health Insurance Fund</u>
\$	\$	\$ 417,412	\$	\$ 12,939,075	\$
				962,044	
				234,284	
		282,342		3,808,752	
		1,911,927		2,709,917	
	23	76,344	145,348	1,453,830	1,878,591
12,356	1,162	1,569		110,443	
12,356	1,185	2,689,594	145,348	22,218,345	1,878,591
				3,862,518	1,803,323
		3,533,621		6,560,206	
				1,621,249	
				180,621	
			148,662	921,140	
				1,433,278	
				127,953	
	49,692			289,850	
233,485				434,994	
	23	969,303		6,362,998	75,268
233,485	49,715	4,502,924	148,662	21,794,807	1,878,591
(221,129)	(48,530)	(1,813,330)	(3,314)	423,538	
2,526,596	172,784			2,699,380	
		1,790,000		5,917,424	
(642,424)				(5,917,424)	
1,884,172	172,784	1,790,000		2,699,380	
1,663,043	124,254	(23,330)	(3,314)	3,122,918	
		211,357	111,734	5,254,920	
\$ 1,663,043	\$ 124,254	\$ 188,027	\$ 108,420	\$ 8,377,838	\$ 0
\$ 1,684,561	\$ 124,254	\$ 227,957	\$ 109,990	\$ 5,842,531	\$ 37,501
(21,518)		(39,930)	(1,570)	(405,022)	(37,501)
				2,940,329	
\$ 1,663,043	\$ 124,254	\$ 188,027	\$ 108,420	\$ 8,377,838	\$ 0

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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**JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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.

Jail Construction Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the construction of jail facilities in the county.

County Bond Sinking Fund - The primary purpose of this fund is to account for receipts and disbursements associated with debt the county has acquired as a result of various projects in the county.

Emergency Services Fund - The primary purpose of this fund is to account for receipts for the county's ambulance runs and funds received from the state for emergency services.

Unbudgeted Fund

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.

Internal Service Fund

Health Insurance Fund - This fund is used to account for the self-funded health insurance activity of the Jessamine County Fiscal Court.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Jessamine County Elected Officials

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

E. Tax Abatements

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

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

Note 2. Deposits

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

Custodial Credit Risk - Deposits

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

Note 3. Transfers

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

	General Fund	Road Fund	Jail Construction Fund	Total Transfers In
General Fund	\$	\$ 950,000	\$ 642,424	\$ 1,592,424
Road Fund	950,000			950,000
Jail Fund	1,585,000			1,585,000
EMS Fund	1,790,000			1,790,000
Total Transfers Out	<u>\$ 4,325,000</u>	<u>\$ 950,000</u>	<u>\$ 642,424</u>	<u>\$ 5,917,424</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.

Note 4. Agency Trust Fund

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 fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2019, was \$84,110.

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

Note 5. Long-term Debt

A. Other Debt

1. General Obligation Bonds - Series 2017

On June 16, 2017, the Jessamine County Fiscal Court issued \$699,100 of General Obligation Bonds, Series 2017. The bond issue was required by the USDA to collateralize the USDA loan (See Note 5). Proceeds from the bonds will be used for the purpose of financing (a) the acquisition and development of Camp Nelson and used for a public purpose located within the geographical boundaries of the county; (b) payment in full of the outstanding balance of interim financing incurred by the county to initially finance the acquisition of Camp Nelson; (c) payment of accrued interest, if any; and (d) payment of the cost of issuance with respect to the issuance of the bonds. Interest on the outstanding principal amount shall be payable on January 1 and July 1, commencing January 1, 2017. Interest only shall be paid for the first two years from the date of the original issue. Thereafter, the bonds shall mature as to principal on January 1, 2019, and each January 1 thereafter through and including January 1, 2056. In the event of default, the government may at its option declare the entire principal amount then outstanding and accrued interest immediately due and payable, for the account of the association, cause the county to incur and pay reasonable expenses for the operation of the facility or take possession of the facility. The outstanding principal balance as of June 30, 2019, is \$688,710. Future principal and interest requirements are:

Fiscal Year Ended June 30,	Principal	Interest & Fees
2020	\$ 10,689	\$ 19,801
2021	10,943	19,547
2022	11,311	19,178
2023	11,636	18,853
2024	11,971	18,518
2025-2029	65,116	87,330
2030-2034	75,090	77,358
2035-2039	86,527	65,920
2040-2044	99,705	52,742
2045-2049	114,876	37,571
2050-2054	132,401	20,046
2055-2056	58,445	2,533
Totals	<u>\$ 688,710</u>	<u>\$ 439,397</u>

2. General Obligation Bonds – Series 2018

On October 23, 2018, the Jessamine County Fiscal Court issued \$2,699,380 of General Obligation Bonds, Series 2018. Proceeds from the bonds will be used for the purpose of renovations to the detention center and courthouse. Interest on the outstanding principal amount shall be payable June 1 and December 1, commencing June 1, 2019. Interest only shall be paid for the first two years from the date of the original issue. Thereafter, the bonds shall mature as to principal on December 1, 2021, and each December 1 thereafter through and including December 1, 2028. In the event of default, the bank may seek all remedies available to it under the law in the state of Kentucky, including foreclosure of the mortgage. The outstanding principal balance as of June 30, 2019, is \$2,699,380. Future principal and interest requirements are:

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

Note 5. Long-term Debt (Continued)

2. General Obligation Bonds – Series 2018 (Continued)

Fiscal Year Ended June 30,	Principal	Interest & Fees
2020		\$ 82,061
2021		82,061
2022	302,627	77,461
2023	311,969	68,119
2024	321,600	58,489
2025-2029	1,763,184	137,261
Totals	<u>\$ 2,699,380</u>	<u>\$ 505,452</u>

B. Direct Borrowings

1. Cassity Governmental Building #1

On November 27, 2007, the Jessamine County Fiscal Court entered into a 20-year lease with the Kentucky Association of Counties Leasing Trust Program in the amount of \$500,000 at an assumed interest rate of 4.63 percent for the construction and renovation of a county administrative building. Payments of interest and fees are due monthly with an annual principal payment due on July 20. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The outstanding principal balance as of June 30, 2019 is \$280,000. Future principal and interest payments are:

Fiscal Year Ended June 30,	Principal	Interest & Fees
2020	\$ 25,000	\$ 11,985
2021	25,000	10,853
2022	30,000	9,515
2023	30,000	8,157
2024	30,000	6,800
2025-2028	140,000	11,114
Totals	<u>\$ 280,000</u>	<u>\$ 58,424</u>

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

Note 5. Long-term Debt (Continued)

2. Cassity Governmental Building #2

On May 5, 2008, the Jessamine County Fiscal Court entered into another 20-year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$1,000,000 at an assumed interest rate of 4.53 percent to cover additional costs of the construction and renovation of the county administrative building. Payments of interest and fees are due monthly with an annual principal payment due on September 20. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease equipment does not provide. The outstanding principal balance as of June 30, 2019, is \$550,000. Future principal and interest payments are:

Fiscal Year Ended June 30,	Principal	Interest & Fees
2020	\$ 50,000	\$ 22,973
2021	55,000	20,612
2022	55,000	18,198
2023	60,000	15,618
2024	60,000	12,986
2025-2028	270,000	22,721
Totals	<u>\$ 550,000</u>	<u>\$ 113,108</u>

3. Energy Conservation

On March 22, 2011, the Jessamine County Fiscal Court entered into a ten-year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$599,788 at an assumed interest rate of 4.25 percent to finance the acquisition, construction, installation, and equipping of energy savings projects including new windows and HVAC systems. Principal and interest payments are due monthly. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within in 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The outstanding principal balance as of June 30, 2019, is \$104,963. Future principal and interest payments are:

Fiscal Year Ended June 30,	Principal	Interest & Fees
2020	\$ 59,979	\$ 3,663
2021	44,984	886
Totals	<u>\$ 104,963</u>	<u>\$ 4,549</u>

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

Note 5. Long-term Debt (Continued)

4. Land #1

On February 9, 2015, the Jessamine County Fiscal Court entered into a five-year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$228,225 at a fixed interest rate of 3.25 percent to finance the acquisition of land related to the jail. Principal and interest payments are due monthly. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The outstanding balance as of June 30, 2019, is \$32,644. Future principal and interest payments are:

Fiscal Year Ended June 30,	Principal	Interest & Fees
2020	\$ 32,644	\$ 399
Totals	\$ 32,644	\$ 399

5. Land #2

On June 23, 2015, the Jessamine County Fiscal Court entered into another five-year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$50,000 at a fixed interest rate of 3.25 percent to finance the acquisition of land related to jail. Principal and interest payments are due monthly. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The outstanding balance as of June 30, 2019, is \$10,627. Future principal and interest payments are:

Fiscal Year Ended June 30,	Principal	Interest & Fees
2020	\$ 10,627	\$ 187
Totals	\$ 10,627	\$ 187

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 699,100	\$2,699,380	\$ 10,390	\$ 3,388,090	\$ 10,689
Direct Borrowings	1,171,198		192,964	978,234	178,250
Total Long-term Debt	\$ 1,870,298	\$ 2,699,380	\$ 203,354	\$ 4,366,324	\$ 188,939

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

Note 6. Commitments and Contingencies

The county is involved in lawsuits that arose from the normal course of doing business. Due to the uncertainty of the each litigation, a reasonable estimate of the financial impact on the county, if any, cannot be made at this time.

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 2017 was \$1,894,664, FY 2018 was \$1,960,844, and FY 2019 was \$2,309,717.

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.

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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.

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

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

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

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

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

C. Cost of Living Adjustments - Tier 1

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

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

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

E. Death Benefit

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

KRS Annual Financial Report and Proportionate Share Audit Report

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

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

Note 8. Deferred Compensation

The Jessamine 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.

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

Note 9. Health Reimbursement Account/Flexible Spending Account

The Jessamine County Fiscal Court established a health reimbursement account to provide employees an additional health benefit. The county contracted with a third-party administrator to administer the plan. The plan provides \$2,400 per employee. Employees may also contribute additional pre-tax funds through payroll deduction.

Note 10. Health Insurance Fund

Jessamine County Fiscal Court participates in a self-funded insurance plan. The county has contracted with a third-party administrator to administer the plan. The county maintains one insurance plan with various levels of coverage (i.e., single, family, etc.). The plan covers all county employees. The fiscal court elected to purchase a stop-loss policy to cover losses from individual and aggregate claims once the county reaches the individual and aggregate attachment points. Employees are required to assume liability claims in excess of maximum lifetime reimbursements established by the insurance company.

Note 11. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to industries in Jessamine 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 Jessamine 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, 2019, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 12. Tax Abatement

The occupational tax license fee was abated under the authority of the Kentucky Business Investment (KBI) Program. SMC, LLC (the company) is eligible to receive this tax abatement as a result of its commitment to create certain jobs and investments in Nicholasville, Kentucky. The taxes are abated by allowing the company to retain or have rebated to them 0.40 percent of subject wages and compensation earned in Jessamine County, Kentucky in accordance with the Jessamine 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 100 employees and at least 94 employees associated with the new Kentucky Business Investment Program Project. For fiscal year ended June 30, 2019, Jessamine County Fiscal Court abated occupational taxes totaling \$12,506.

Note 13. Prior Period Adjustment

The beginning balances of the General Fund and Jail Fund were restated for the voiding of prior year outstanding checks in the amount of \$1,842 and \$116, respectively.

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

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JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 10,320,650	\$ 10,320,650	\$ 12,521,663	\$ 2,201,013
Excess Fees	722,139	722,139	962,044	239,905
Licenses and Permits	209,500	209,500	234,284	24,784
Intergovernmental	629,258	629,258	1,085,906	456,648
Charges for Services	332,000	332,000	596,043	264,043
Miscellaneous	915,190	915,190	1,152,450	237,260
Interest	12,500	12,500	74,190	61,690
Total Receipts	13,141,237	13,141,237	16,626,580	3,485,343
DISBURSEMENTS				
General Government	4,066,178	4,147,706	3,807,518	340,188
Protection to Persons and Property	375,878	715,298	682,704	32,594
General Health and Sanitation	1,395,704	1,669,539	1,621,249	48,290
Social Services	194,115	194,115	180,621	13,494
Recreation and Culture	756,226	762,242	727,899	34,343
Other Transportation Facilities and Service	164,022	164,224	127,953	36,271
Debt Service	290,158	290,150	240,158	49,992
Capital Projects	396,900	396,227	46,149	350,078
Administration	5,387,033	5,329,136	4,921,011	408,125
Total Disbursements	13,026,214	13,668,637	12,355,262	1,313,375
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	115,023	(527,400)	4,271,318	4,798,718
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,592,424	1,592,424
Transfers To Other Funds	(4,120,000)	(4,120,000)	(4,325,000)	(205,000)
Total Other Adjustments to Cash (Uses)	(4,120,000)	(4,120,000)	(2,732,576)	1,387,424
Net Change in Fund Balance	(4,004,977)	(4,647,400)	1,538,742	6,186,142
Fund Balance - Beginning (Restated)	4,004,977	4,004,977	3,943,772	(61,205)
Fund Balance - Ending	\$ 0	\$ (642,423)	\$ 5,482,514	\$ 6,124,937

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 922,541	\$ 1,129,838	\$ 1,414,400	\$ 284,562
Miscellaneous	1,000	1,000	12,593	11,593
Interest	2,000	2,000	17,445	15,445
Total Receipts	925,541	1,132,838	1,444,438	311,600
DISBURSEMENTS				
Roads	1,231,565	1,398,415	1,257,296	141,119
Capital Projects	72,000	155,800	155,360	440
Administration	421,976	378,623	113,837	264,786
Total Disbursements	1,725,541	1,932,838	1,526,493	406,345
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(800,000)	(800,000)	(82,055)	717,945
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			950,000	950,000
Transfers To Other Funds			(950,000)	(950,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(800,000)	(800,000)	(82,055)	717,945
Fund Balance - Beginning	800,000	800,000	761,355	(38,645)
Fund Balance - Ending	\$ 0	\$ 0	\$ 679,300	\$ 679,300

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

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 734,574	\$ 734,574	\$ 875,562	\$ 140,988
Charges for Services	118,400	118,400	201,947	83,547
Miscellaneous	55,500	55,500	58,597	3,097
Interest	300	300	985	685
Total Receipts	908,774	908,774	1,137,091	228,317
DISBURSEMENTS				
Protection to Persons and Property	2,467,121	2,488,071	2,343,881	144,190
Administration	404,900	383,950	358,824	25,126
Total Disbursements	2,872,021	2,872,021	2,702,705	169,316
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,963,247)	(1,963,247)	(1,565,614)	397,633
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,915,000	1,915,000	1,585,000	(330,000)
Total Other Adjustments to Cash (Uses)	1,915,000	1,915,000	1,585,000	(330,000)
Net Change in Fund Balance	(48,247)	(48,247)	19,386	67,633
Fund Balance - Beginning (Restated)	48,247	48,247	51,459	3,212
Fund Balance - Ending	\$ 0	\$ 0	\$ 70,845	\$ 70,845

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 150,542	\$ 542
Miscellaneous	8,475	8,475	8,475	
Interest	250	250	2,736	2,486
Total Receipts	158,725	158,725	161,753	3,028
DISBURSEMENTS				
General Government	55,000	55,000	55,000	
Recreation and Culture	22,710	45,329	44,579	750
Roads	150,000	175,983	175,982	1
Administration	91,015	42,413		42,413
Total Disbursements	318,725	318,725	275,561	43,164
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(160,000)	(160,000)	(113,808)	46,192
Net Change in Fund Balance	(160,000)	(160,000)	(113,808)	46,192
Fund Balance - Beginning	160,000	160,000	175,243	15,243
Fund Balance - Ending	\$ 0	\$ 0	\$ 61,435	\$ 61,435

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

JAIL CONSTRUCTION FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$	\$	\$ 12,356	\$ 12,356
Total Receipts			12,356	12,356
DISBURSEMENTS				
Capital Projects		1,857,577	233,485	1,624,092
Administration		1		1
Total Disbursements		1,857,578	233,485	1,624,093
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,857,578)	(221,129)	1,636,449
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		2,500,001	2,526,596	26,595
Transfers To Other Funds			(642,424)	(642,424)
Total Other Adjustments to Cash (Uses)		2,500,001	1,884,172	(615,829)
Net Change in Fund Balance		642,423	1,663,043	1,020,620
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 642,423	\$ 1,663,043	\$ 1,020,620

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

COUNTY BOND SINKING FUND			
	Budgeted Amounts		Variance with
	Original	Final	Actual Amounts, (Budgetary Basis) Final Budget Positive (Negative)
RECEIPTS			
Miscellaneous	\$	\$	\$ 23
Interest			1,162
Total Receipts			1,185
DISBURSEMENTS			
Debt Service		172,761	49,692
Administration		23	23
Total Disbursements		172,784	49,715
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(172,784)	(48,530)
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds		172,784	172,784
Total Other Adjustments to Cash (Uses)		172,784	172,784
Net Change in Fund Balance			124,254
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 124,254

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

	EMERGENCY SERVICES FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 360,000	\$ 360,000	\$ 417,412	\$ 57,412
Intergovernmental	235,000	235,000	282,342	47,342
Charges for Services	1,942,000	1,942,000	1,911,927	(30,073)
Miscellaneous	100	72,473	76,344	3,871
Interest	200	200	1,569	1,369
Total Receipts	2,537,300	2,609,673	2,689,594	79,921
DISBURSEMENTS				
Protection to Persons and Property	3,764,791	3,850,864	3,533,621	317,243
Administration	1,068,193	1,054,493	969,303	85,190
Total Disbursements	4,832,984	4,905,357	4,502,924	402,433
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
	(2,295,684)	(2,295,684)	(1,813,330)	482,354
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,205,000	2,205,000	1,790,000	(415,000)
Total Other Adjustments to Cash (Uses)	2,205,000	2,205,000	1,790,000	(415,000)
Net Change in Fund Balance	(90,684)	(90,684)	(23,330)	67,354
Fund Balance - Beginning	90,684	90,684	211,357	120,673
Fund Balance - Ending	\$ 0	\$ 0	\$ 188,027	\$ 188,027

JESSAMINE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2019

Note 1. Budgetary Information

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

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

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

JESSAMINE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

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JESSAMINE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 4,648,410	\$	\$	\$ 4,648,410
Construction In Progress	585,528		53,943	531,585
Buildings and Building Improvements	19,529,101	126,534		19,655,635
Vehicles and Equipment	7,347,006	1,248,129	1,038,622	7,556,513
Infrastructure	54,321,784	1,184,583		55,506,367
 Total Capital Assets	 <u>\$ 86,431,829</u>	 <u>\$ 2,559,246</u>	 <u>\$ 1,092,565</u>	 <u>\$ 87,898,510</u>

JESSAMINE COUNTY
NOTES TO OTHER INFORMATION - REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS

June 30, 2019

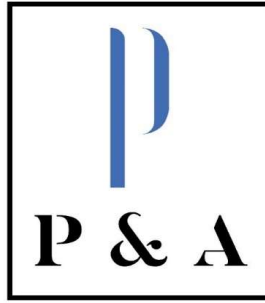
Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Other Equipment	\$ 2,500	3-25
Vehicles and Equipment	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

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

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PATRICK & ASSOCIATES, LLC

The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine 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 Jessamine County Fiscal Court for the fiscal year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Jessamine County Fiscal Court's financial statement and have issued our report thereon dated January 9, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Jessamine 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

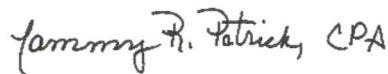
Views of Responsible Officials and Planned Corrective Action

Jessamine County's views and planned corrective action for the finding identified in our audit are included in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive, flowing style.

Tammy Patrick, CPA
Patrick & Associates, LLC

January 9, 2020

**JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

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**JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

STATE LAWS AND REGULATIONS:

2019-001 The Jailer Lack Controls Over Receipts

This finding is a partial repeat of finding 2018-001 in the prior year report. The Jailer has responsibility for collecting monies from and for inmates of the jail. Most deposits to inmate accounts are completed through a kiosk system and are not handled by the jailer or his staff. The jail's service organization staff comes and collects the money out of the kiosks and makes the deposit into the jail's bank account. Deposit kiosks are maintained in the lobby and booking area of the jail. Individuals can deposit money into an inmate's account via the kiosk in the lobby or funds possessed by inmate upon being incarcerated can be deposited via the kiosk in the booking area. The kiosk will print a receipt that can be retained by the person depositing the money. Jail staff do not retain receipts for any funds deposited into the kiosks. Deposits made via the kiosk system automatically update the inmate's account balance in the accounting system ledger. Receipts received through the mail or when kiosks are not in service are accounted for manually by the jail staff. Receipts of this nature are entered into the accounting system and placed in a lockbox maintained at the jail. No receipts are issued for manual deposits received. The bookkeeper compares the monies in the lockbox to what was entered into the computer system for deposit. The monies accounted for manually are not deposited daily when received. No reconciliation is performed to compare the monies received via the kiosks to the bank statement and the reports from the kiosks and no daily check out sheet procedures were performed to reconcile kiosk and manual receipts.

The Jailer did not have controls in place to ensure that staff knew the minimum accounting requirements set forth by the Department for Local Government regarding the handling of public funds. The Jailer also did not monitor or review financial reports and data to make sure requirements were met for handling inmate funds.

When internal controls over receipts are not implemented or monitored to ensure the proper handling of funds, the risk of misappropriation of assets due to errors in financial reporting and/or theft of funds significantly increases.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The minimum requirements for handling public funds as stated in the Department for Local Government's County Budget Preparation and State Local Finance Officer Policy Manual requires that prenumbered receipt forms should be issued for all receipts. A copy of each receipt in sequential order should be attached to the daily check out sheet. The daily check out sheet should agree to the required daily deposit and receipts ledger. A monthly bank reconciliation should be completed and agreed to the underlying accounting records.

We recommend the Jailer implement internal controls to ensure that all forms of monies received at the Jessamine County Detention Center are accounted for and reconciled appropriately as required by KRS 68.210.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Jail administrative staff is making every effort to comply with these requirements with a limited number of staff present. They are aware of changes that need to be made to effectively comply with the suggested requirements.

County Jailer's Response: To correct the response from our recent audit our facility is purchasing three-part receipt books to begin to issue receipts to the individuals that deposit funds on the inmate's accounts. This action will take place anytime that the kiosk in the lobby is not operational or if the funds are in the form of money orders. By utilizing a three-part receipt, we will be able to not only issue a receipt to the depositor but we will then have a carbon copy for our records. We are also implementing daily check out sheets which can be used to reconcile and document funds when depositing the funds into the bank. We are also adding an additional signer on this account and this additional signer will also be able to review reconciliations and

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

2019-001 The Jailer Lack Controls Over Receipts (Continued)

Views of Responsible Official and Planned Corrective Action: (Continued)

deposits performed by the book keeper. We are also adding a new component to our kiosk and our canteen software that will enable those who are posting an individual's bond to deposit those funds into our kiosk. This will eliminate our employees from collecting these funds and holding the funds at our facility.

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

JESSAMINE COUNTY FISCAL COURT

For The Year Ended June 30, 2019

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE
JESSAMINE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2019

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

David K West

County Judge/Executive

Danni East

County Treasurer