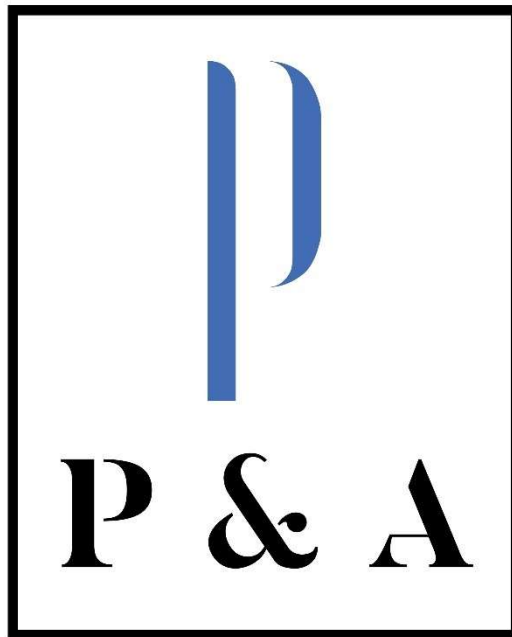


**REPORT OF THE AUDIT OF THE
JESSAMINE COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2020**



PATRICK & ASSOCIATES, LLC

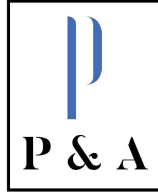
**124 Candlewood Drive
Winchester, KY 40391**

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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, 2020, 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, 2020, 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, 2020, 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 the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 and Schedule of Expenditures of Federal Awards 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 the Schedule of Expenditures of Federal Awards 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.

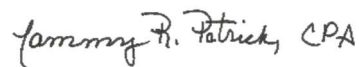
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2021 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 Questioned Costs included herein, which discusses the following report findings:

- 2020-001 The Jailer Did Not Have Adequate Internal Controls, Segregation Of Duties Or Management Oversight Over Jail Commissary Fund Accounting Functions
- 2020-002 The Jailer Lacks Internal Controls Over Jail Commissary and Inmate Receipts
- 2020-003 The Jailer Failed To Properly Implement Controls Over The Inmate Trust Account Financial Reporting

Respectfully submitted,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

July 16, 2021

JESSAMINE COUNTY OFFICIALS**For The Year Ended June 30, 2020****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, 2020

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

For The Year Ended June 30, 2020

	Budgeted Funds			Local Government Economic Assistance Fund
	General Fund	Road Fund	Jail Fund	
RECEIPTS				
Taxes	\$ 15,406,912	\$	\$	\$
Excess Fees	947,334			
Licenses and Permits	239,873			
Intergovernmental	1,306,898	1,312,449	744,969	188,838
Charges for Services	742,924		182,382	
Miscellaneous	1,313,676	118	81,755	8,100
Interest	42,004	16,225	518	1,763
Total Receipts	19,999,621	1,328,792	1,009,624	198,701
DISBURSEMENTS				
General Government	4,242,826			160,000
Protection to Persons and Property	836,534		2,452,719	
General Health and Sanitation	1,778,544			
Social Services	164,842			
Recreation and Culture	764,772			20,160
Roads		1,130,973		
Other Transportation Facilities and Services	124,011			
Debt Service	217,458			
Capital Projects	41,709	366,690		
Administration	4,936,881	116,139	441,003	
Total Disbursements	13,107,577	1,613,802	2,893,722	180,160
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	6,892,044	(285,010)	(1,884,098)	18,541
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,865,000	
Transfers To Other Funds	(3,830,000)			
Total Other Adjustments to Cash (Uses)	(3,830,000)		1,865,000	
Net Change in Fund Balance	3,062,044	(285,010)	(19,098)	18,541
Fund Balance - Beginning (Restated)	5,482,892	679,300	70,845	61,435
Fund Balance - Ending	\$ 8,544,936	\$ 394,290	\$ 51,747	\$ 79,976
Composition of Fund Balance				
Bank Balance	\$ 5,925,827	\$ 1,234,769	\$ 88,003	\$ 79,976
Less: Outstanding Checks	(323,470)	(840,479)	(36,256)	
Certificates of Deposit	2,942,579			
Fund Balance - Ending	\$ 8,544,936	\$ 394,290	\$ 51,747	\$ 79,976

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, 2020
(Continued)

Budgeted Funds				Unbudgeted Fund		Internal Service Fund
Ambulance Fund	Jail Construction Fund	County Bond Sinking Fund	Emergency Services Fund	Jail Commissary Fund	Total Funds	Health Insurance Fund
\$	\$	\$	\$ 1,405,842	\$	\$ 16,812,754	\$
					947,334	
					239,873	
10,000			291,106		3,854,260	
1,737,289			149,790		2,812,385	
1,375			50	97,989	1,503,063	1,703,625
801	11,729	870	4,002		77,912	
1,749,465	11,729	870	1,850,790	97,989	26,247,581	1,703,625
					4,402,826	1,668,425
2,860,333			1,044,886		7,194,472	
					1,778,544	
					164,842	
				164,231	949,163	
					1,130,973	
					124,011	
		82,061			299,519	
	1,399,021				1,807,420	
866,470			263,283		6,623,776	25,072
3,726,803	1,399,021	82,061	1,308,169	164,231	24,475,546	1,693,497
(1,977,338)	(1,387,292)	(81,191)	542,621	(66,242)	1,772,035	10,128
1,965,000					3,830,000	
					(3,830,000)	
1,965,000						
(12,338)	(1,387,292)	(81,191)	542,621	(66,242)	1,772,035	10,128
106,099	1,663,043	124,254	95,616	108,420	8,391,904	
\$ 93,761	\$ 275,751	\$ 43,063	\$ 638,237	\$ 42,178	\$ 10,163,939	\$ 10,128
\$ 117,579	\$ 275,751	\$ 43,063	\$ 659,453	\$ 42,178	\$ 8,466,599	\$ 72,067
(23,818)			(21,216)		(1,245,239)	(61,939)
					2,942,579	
\$ 93,761	\$ 275,751	\$ 43,063	\$ 638,237	\$ 42,178	\$ 10,163,939	\$ 10,128

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, 2020

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, 2020
(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.

Ambulance Fund - The primary purpose of this fund is to account for receipts and disbursements related to providing ambulance services in the county.

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 disaster and emergency expenses of the county. The primary sources of receipts for this fund are federal and state grants.

Unbudgeted Fund

The fiscal court reports the following unbudgeted fund:

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, 2020
(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.

H. 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, 2020
(Continued)

Note 2. Deposits and Investments

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected 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 the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2020, 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 2020.

	General Fund	Total Transfers In
Jail Fund	\$ 1,865,000	\$ 1,865,000
Ambulance Fund	1,965,000	1,965,000
Total Transfers Out	<u>\$ 3,830,000</u>	<u>\$ 3,830,000</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.

Note 4. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2020, was \$70,263.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

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 property within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property 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 property does not provide. The outstanding principal balance as of June 30, 2020 is \$255,000. Future principal and interest payments are:

<u>Fiscal Year Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest & Fees</u>
2021	\$ 25,000	\$ 10,853
2022	30,000	9,515
2023	30,000	8,157
2024	30,000	6,800
2025	35,000	5,235
2026-2028	105,000	5,879
Totals	<u>\$ 255,000</u>	<u>\$ 46,439</u>

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 property within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property 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 property does not provide. The outstanding principal balance as of June 30, 2020, is \$500,000. Future principal and interest payments are:

<u>Fiscal Year Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest & Fees</u>
2021	\$ 55,000	\$ 20,612
2022	55,000	18,198
2023	60,000	15,618
2024	60,000	12,986
2025	65,000	10,186
2026-2028	205,000	12,535
Totals	<u>\$ 500,000</u>	<u>\$ 90,135</u>

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

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, 2020, is \$44,984. Future principal and interest payments are:

<u>Fiscal Year Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest & Fees</u>
2021	\$ 44,984	\$ 886
Totals	<u>\$ 44,984</u>	<u>\$ 886</u>

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 were due monthly. This agreement was paid in full as of June 30, 2020.

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 were due monthly. This agreement was paid in full as of June 30, 2020.

B. Other Debt

1. 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 were 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, 2020, is \$2,699,380. Future principal and interest requirements are:

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Long-term Debt (Continued)

B. Other Debt (Continued)

1. General Obligation Bonds – Series 2018 (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest & Fees</u>
2021	\$	\$ 82,061
2022	302,627	77,461
2023	311,969	68,119
2024	321,600	58,489
2025	331,527	48,562
2026-2029	<u>1,431,657</u>	<u>88,699</u>
Totals	<u>\$ 2,699,380</u>	<u>\$ 423,391</u>

2. 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 were 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, 2020, is \$678,021. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest & Fees</u>
2021	\$ 10,943	\$ 19,547
2022	11,311	19,178
2023	11,636	18,853
2024	11,971	18,518
2025	12,265	18,224
2026-2030	67,038	85,408
2031-2035	77,249	75,200
2036-2040	89,014	63,432
2041-2045	102,548	49,900
2046-2050	118,202	34,244
2051-2055	136,253	16,239
2056	<u>29,591</u>	<u>853</u>
Totals	<u>\$ 678,021</u>	<u>\$ 419,596</u>

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Long-term Debt (Continued)

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 978,234	\$	\$ 178,250	\$ 799,984	\$ 124,984
Other Debt	3,388,090		10,689	3,377,401	10,943
Total Long-term Debt	<u>\$ 4,366,324</u>	<u>\$ 0</u>	<u>\$ 188,939</u>	<u>\$ 4,177,385</u>	<u>\$ 135,927</u>

D. Aggregate Debt Schedule

The amounts of required principal and interest payments on long-term obligations at June 30, 2020, were as follows:

Fiscal Year Ending June 30,	Direct Borrowings and Direct Placements		Other Debt	
	Scheduled Principal	Scheduled Interest	Scheduled Principal	Scheduled Interest
2021	\$ 124,984	\$ 32,351	\$ 10,943	\$ 101,608
2022	85,000	27,713	313,938	96,639
2023	90,000	23,775	323,605	86,972
2024	90,000	19,786	333,571	77,007
2025	100,000	15,421	343,792	66,786
2026-2030	310,000	18,414	1,498,695	174,107
2031-2035			77,249	75,200
2036-2040			89,014	63,432
2041-2045			102,548	49,900
2046-2050			118,202	34,244
2051-2055			136,253	16,239
2056			29,591	853
Totals	<u>\$ 799,984</u>	<u>\$ 137,460</u>	<u>\$ 3,377,401</u>	<u>\$ 842,987</u>

Note 6. Commitments and Contingencies

The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county 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 2018 was \$1,960,844, FY 2019 was \$2,309,717, and FY 2020 was \$2,635,975.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Employee Retirement System (Continued)

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 24.06 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:

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.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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.

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.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

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 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

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, 2020, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 12. Related Party Transactions

The County Judge/Executive is a part owner of Betts & West Funeral Home. Betts & West Funeral Home is one of two funeral homes in the county that receive funding for indigent burials on a rotating basis. During the fiscal year ended June 30, 2020 Betts & West Funeral Home was paid \$1,200 by the county for indigent burials.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 13. Prior Period Adjustments

The beginning balance of the General Fund was restated by an increase of \$378 in order to account for voided prior year outstanding checks. The beginning balance of the Emergency Services Fund was restated by a decrease of \$92,411 in order to account for funds used to establish the Ambulance Fund. The Ambulance Fund beginning balance was determined to be \$106,099 based on the contribution of the Emergency Services Fund and other available funds.

Note 14. Tax Abatements

A. SMC LLC

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, 2020, Jessamine County Fiscal Court abated occupational taxes totaling \$6,920.

B. Astecnos America, Inc

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 applies only to new jobs created and is limited to a maximum of 41 new jobs as outlined in the KBI applications. For fiscal year ended June 30, 2020, Jessamine County Fiscal Court abated occupational taxes totaling \$0.

C. Taylor Made Compounding, Inc.

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 0.50 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 will apply to the wages and salaries or new employees hired as a result of the expansion project approved for KBI and can be suspended if the company does not meet all terms and conditions of its eligibility under the KBI Act. For fiscal year ended June 30, 2020, Jessamine County Fiscal Court abated occupational taxes totaling \$0.

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

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JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 12,269,200	\$ 12,269,200	\$ 15,406,912	\$ 3,137,712
Excess Fees	717,028	717,028	947,334	230,306
Licenses and Permits	214,000	214,000	239,873	25,873
Intergovernmental	1,350,670	1,350,670	1,306,898	(43,772)
Charges for Services	467,000	467,000	742,924	275,924
Miscellaneous	971,640	971,640	1,313,676	342,036
Interest	25,000	25,000	42,004	17,004
Total Receipts	16,014,538	16,014,538	19,999,621	3,985,083
DISBURSEMENTS				
General Government	4,863,563	4,985,253	4,242,826	742,427
Protection to Persons and Property	570,463	926,338	836,534	89,804
General Health and Sanitation	1,713,018	1,925,318	1,778,544	146,774
Social Services	194,565	194,565	164,842	29,723
Recreation and Culture	843,468	858,318	764,772	93,546
Other Transportation Facilities and Service	136,778	136,778	124,011	12,767
Debt Service	236,957	236,967	217,458	19,509
Capital Projects	115,482	116,792	41,709	75,083
Administration	8,190,110	7,484,075	4,936,881	2,547,194
Total Disbursements	16,864,404	16,864,404	13,107,577	3,756,827
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(849,866)	(849,866)	6,892,044	7,741,910
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(4,020,000)	(4,020,000)	(3,830,000)	190,000
Total Other Adjustments to Cash (Uses)	(4,020,000)	(4,020,000)	(3,830,000)	190,000
Net Change in Fund Balance	(4,869,866)	(4,869,866)	3,062,044	7,931,910
Fund Balance - Beginning (Restated)	4,869,866	4,869,866	5,482,892	613,026
Fund Balance - Ending	\$ 0	\$ 0	\$ 8,544,936	\$ 8,544,936

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

ROAD FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,191,837	\$ 1,191,837	\$ 1,312,449	\$ 120,612
Miscellaneous	1,000	1,000	118	(882)
Interest	2,000	2,000	16,225	14,225
Total Receipts	<u>1,194,837</u>	<u>1,194,837</u>	<u>1,328,792</u>	<u>133,955</u>
DISBURSEMENTS				
Roads	1,283,437	1,283,437	1,130,973	152,464
Capital Projects	206,000	367,903	366,690	1,213
Administration	370,400	208,497	116,139	92,358
Total Disbursements	<u>1,859,837</u>	<u>1,859,837</u>	<u>1,613,802</u>	<u>246,035</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(665,000)</u>	<u>(665,000)</u>	<u>(285,010)</u>	<u>379,990</u>
Net Change in Fund Balance	(665,000)	(665,000)	(285,010)	379,990
Fund Balance - Beginning	<u>665,000</u>	<u>665,000</u>	<u>679,300</u>	<u>14,300</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 394,290</u>	<u>\$ 394,290</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 762,433	\$ 762,433	\$ 744,969	\$ (17,464)
Charges for Services	178,400	178,400	182,382	3,982
Miscellaneous	56,500	56,500	81,755	25,255
Interest	500	500	518	18
Total Receipts	997,833	997,833	1,009,624	11,791
DISBURSEMENTS				
Protection to Persons and Property	2,488,317	2,469,522	2,452,719	16,803
Debt Service	5,000			
Administration	421,899	445,694	441,003	4,691
Total Disbursements	2,915,216	2,915,216	2,893,722	21,494
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,917,383)	(1,917,383)	(1,884,098)	33,285
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,870,000	1,870,000	1,865,000	(5,000)
Total Other Adjustments to Cash (Uses)	1,870,000	1,870,000	1,865,000	(5,000)
Net Change in Fund Balance	(47,383)	(47,383)	(19,098)	28,285
Fund Balance - Beginning (Restated)	47,383	47,383	70,845	23,462
Fund Balance - Ending	\$ 0	\$ 0	\$ 51,747	\$ 51,747

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
RECEIPTS				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 188,838	\$ 38,838
Miscellaneous	8,475	8,475	8,100	(375)
Interest	1,500	1,500	1,763	263
Total Receipts	<u>159,975</u>	<u>159,975</u>	<u>198,701</u>	<u>38,726</u>
DISBURSEMENTS				
General Government	168,250	168,250	160,000	8,250
Recreation and Culture	22,710	22,710	20,160	2,550
Roads	8,000	8,000		8,000
Administration	29,865	29,865		29,865
Total Disbursements	<u>228,825</u>	<u>228,825</u>	<u>180,160</u>	<u>48,665</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(68,850)</u>	<u>(68,850)</u>	<u>18,541</u>	<u>87,391</u>
Net Change in Fund Balance	(68,850)	(68,850)	18,541	87,391
Fund Balance - Beginning	<u>68,850</u>	<u>68,850</u>	<u>61,435</u>	<u>(7,415)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 79,976</u>	<u>\$ 79,976</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	1,751,500	1,751,500	1,737,289	(14,211)
Miscellaneous			1,375	1,375
Interest	500	500	801	301
Total Receipts	1,762,000	1,762,000	1,749,465	(12,535)
DISBURSEMENTS				
Protection to Persons and Property	3,010,579	3,010,579	2,860,333	150,246
Administration	941,365	941,365	866,470	74,895
Total Disbursements	3,951,944	3,951,944	3,726,803	225,141
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
	(2,189,944)	(2,189,944)	(1,977,338)	212,606
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,150,000	2,150,000	1,965,000	(185,000)
Total Other Adjustments to Cash (Uses)	2,150,000	2,150,000	1,965,000	(185,000)
Net Change in Fund Balance	(39,944)	(39,944)	(12,338)	27,606
Fund Balance - Beginning	39,944	39,944	106,099	66,155
Fund Balance - Ending	\$ 0	\$ 0	\$ 93,761	\$ 93,761

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

JAIL CONSTRUCTION FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$ 500	\$ 500	\$ 11,729	\$ 11,229
Total Receipts	500	500	11,729	11,229
DISBURSEMENTS				
Capital Projects	1,800,000	1,800,000	1,399,021	400,979
Administration	500	500		500
Total Disbursements	1,800,500	1,800,500	1,399,021	401,479
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,800,000)	(1,800,000)	(1,387,292)	412,708
Net Change in Fund Balance	(1,800,000)	(1,800,000)	(1,387,292)	412,708
Fund Balance - Beginning	1,800,000	1,800,000	1,663,043	(136,957)
Fund Balance - Ending	\$ 0	\$ 0	\$ 275,751	\$ 275,751

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

COUNTY BOND SINKING FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$	\$	\$
Interest	1,000	1,000	870	(130)
Total Receipts	1,000	1,000	870	(130)
DISBURSEMENTS				
Debt Service	82,062	82,062	82,061	1
Administration	42,785	42,785		42,785
Total Disbursements	124,847	124,847	82,061	42,786
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(123,847)	(123,847)	(81,191)	42,656
Net Change in Fund Balance	(123,847)	(123,847)	(81,191)	42,656
Fund Balance - Beginning	123,847	123,847	124,254	407
Fund Balance - Ending	\$ 0	\$ 0	\$ 43,063	\$ 43,063

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

EMERGENCY SERVICES FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,365,000	\$ 1,365,000	\$ 1,405,842	\$ 40,842
Intergovernmental	225,000	225,000	291,106	66,106
Charges for Services	142,000	142,000	149,790	7,790
Miscellaneous	100	100	50	(50)
Interest	500	500	4,002	3,502
Total Receipts	<u>1,732,600</u>	<u>1,732,600</u>	<u>1,850,790</u>	<u>118,190</u>
DISBURSEMENTS				
Protection to Persons and Property	1,427,582	1,427,582	1,044,886	382,696
Administration	356,702	356,702	263,283	93,419
Total Disbursements	<u>1,784,284</u>	<u>1,784,284</u>	<u>1,308,169</u>	<u>476,115</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(51,684)</u>	<u>(51,684)</u>	<u>542,621</u>	<u>594,305</u>
Net Change in Fund Balance	(51,684)	(51,684)	542,621	594,305
Fund Balance - Beginning	<u>51,684</u>	<u>51,684</u>	<u>95,616</u>	<u>43,932</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 638,237</u>	<u>\$ 638,237</u>

JESSAMINE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2020

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 EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2020

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JESSAMINE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through</i>				
<i>Kentucky Department of Military Affairs</i>				
CSEPP Region IV	97.040	SC1900001734	\$	\$ 721,381
Total U.S. Department of Homeland Security			\$ 0	\$ 721,381
<u>U. S. Department of Treasury</u>				
<i>Passed-Through</i>				
<i>Kentucky Department for Local Government</i>				
COVID-19 - Coronavirus Relief Fund	21.019	Unknown	\$	\$ 1,379,706
Total U.S. Department of Treasury			\$ 0	\$ 1,379,706
Total Expenditures of Federal Awards			\$ 0	\$ 2,101,087

The accompanying notes are an integral part of this schedule

JESSAMINE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Jessamine County, Kentucky under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jessamine County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jessamine County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Jessamine County has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

JESSAMINE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

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JESSAMINE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

The fiscal court reports the following Schedule of Capital Assets:

	(Restated) Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 4,648,410	\$	\$	\$ 4,648,410
Construction In Progress	531,585	1,640,977	531,585	1,640,977
Buildings and Building Improvements	19,655,635	847,925		20,503,560
Vehicles and Equipment	7,637,808	1,082,848	698,237	8,022,419
Infrastructure	55,506,367	1,135,988		56,642,355
Total Capital Assets	<u>\$ 87,979,805</u>	<u>\$ 4,707,738</u>	<u>\$ 1,229,822</u>	<u>\$ 91,457,721</u>

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

June 30, 2020

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.

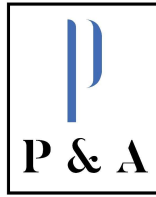
	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

Note 2. Prior Period Adjustments

The beginning balance of Vehicles and Equipment was increased by \$81,295 in order to account for prior year omissions.

**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

124 Candlewood Drive
Winchester, KY 40391

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, 2020, 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 July 16, 2021.

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 Questioned Costs, 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 Questioned Costs as items 2020-001, 2020-002, and 2020-003 to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-002, and 2020-003.

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)

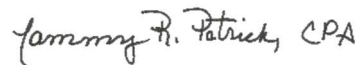
Views of Responsible Officials and Planned Corrective Action

Jessamine County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. 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,

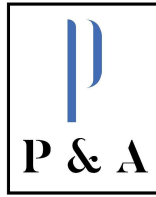
A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

July 16, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH UNIFORM GUIDANCE**

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Jessamine County Fiscal Court's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Jessamine County Fiscal Court's major federal programs for the year ended June 30, 2020. The Jessamine County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Jessamine County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Jessamine County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Jessamine County Fiscal Court's compliance.

Opinion on Each Major Federal Program

In our opinion, the Jessamine County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Report on Internal Control over Compliance

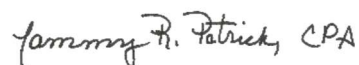
Management of the Jessamine County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Jessamine County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Jessamine County Fiscal Court's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

July 16, 2021

JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2020

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

For The Year Ended June 30, 2020

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs - Unmodified:		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u> 21.019	<u>Name of Federal Program or Cluster</u> Coronavirus Relief Fund
------------------------------	--

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)

Section II: Financial Statement Findings

2020-001 The Jailer Did Not Have Adequate Internal Controls, Segregation Of Duties Or Management Oversight Over Jail Commissary Fund Accounting Functions

A lack of segregation of duties existed over the jail commissary fund and inmate account in the areas of receipts, disbursements, and bank reconciliations. The jail commissary bookkeeper recorded receipts, prepared deposits, prepared the monthly receipt ledger, prepared checks for disbursements, maintained the disbursements ledger, and performed the monthly bank reconciliation without any documented oversight.

The lack of segregation of duties existed due to the inadequate design of controls over the jail commissary fund and inmate account accounting functions and insufficient oversight by management. These issues were compounded due to management's and accounting personnel's lack of training, skills and knowledge about how to properly record the entity's financial transactions or prepare the financial statement.

Lack of internal controls, segregation of duties and management oversight increases the risk of misappropriation of assets, errors, and inaccurate financial reporting. The deficiencies in internal controls led to the following errors and exceptions in the accounting and financial statement preparation process:

- Amounts for equipment purchases totaling \$43,685 were correctly posted to the disbursements ledger but not included on the annual jail commissary fund summary and reconciliation submitted to the County Treasurer. These errors resulted in the financial statement amounts not agreeing to the ledger amount and bank reconciliation.

Good internal controls dictate adequate controls and sufficient review are necessary to reduce the risk of errors and misstatements. Segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements and preparing monthly reports and the financial statement, or the implementation of compensating controls is essential for providing protection from asset misappropriation and inaccurate financial reporting.

We recommend the following:

- The jailer should separate duties for preparing and depositing receipts, recording transactions, preparing daily check out sheets, preparing checks, and reconciling bank accounts. If these duties cannot be segregated due to limited number of staff or budget, strong oversight should be provided over the employee(s) responsible for these duties. Any compensating controls performed should be documented by the reviewer's initials and date on applicable documentation.
- Pre-numbered receipts in triplicate should be written and maintained for all money collected at the jail outside the kiosk system (See Related Comment 2020-002)
- Receipts should be batched daily and total collections for the day should be agreed to total receipts posted to the ledger. (See Related Comment 2020-002)
- Checkout sheet should be prepared daily and should agree to batched receipt tickets, reports from kiosk for monies processed through kiosk system, bank deposits and the receipts ledger. (See Related Comment 2020-002)
- Bank statements should be reviewed by a person independent from the accounting function.
- Deposits should be agreed to daily check out sheets and receipts ledger by a person independent of the accounting function. (See Related Comment 2020-002)
- The Jailer, or his designee, should complete bank reconciliations or review the bookkeeper's reconciliation for accuracy.
- The jailer, or his designee, should review the monthly reports and annual financial statement for accuracy and agreement to the underlying accounting records and bank documentation.

JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)

Section II: Financial Statement Findings (Continued)

2020-001 The Jailer Did Not Have Adequate Internal Controls, Segregation Of Duties Or Management Oversight Over Jail Commissary Fund Accounting Functions (Continued)

See Appendix B

2020-002 The Jailer Lacks Internal Controls Over Jail Commissary and Inmate Receipts

This finding is a repeat of a finding that was included in the prior year report as finding 2019-001. The Jailer has responsibility for collecting certain monies, including monies from and for inmates of the jail. The majority of monies collected at the jail are inmate monies. Most deposits to inmate accounts are completed through a kiosk system and are not handled by the jailer or his staff. 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 ledger. Deposits from the kiosks are handled by a service organization. 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 requirements and the Jailer 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.

JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)

Section II: Financial Statement Findings (Continued)

2020-002 The Jailer Lacks Internal Controls Over Jail Commissary and Inmate Receipts (Continued)

See Appendix B

2020-003 The Jailer Failed To Properly Implement Controls Over The Inmate Trust Account Financial Reporting

The Jailer failed to implement controls over the inmate trust account, activity of the account, and bank reconciliations that resulted in inaccurate financial reporting. This account is an agency trust account used to maintain funds deposited by or on behalf of inmates (see Note 4. to the financial statements). After funds are deposited, inmates' balances within the account are reduced for jail costs and fees as well as inmate purchases from the jail commissary. At the time of an inmate's release, if the inmate owes no additional amounts, the amount remaining in the inmate's account is refunded to the inmate upon their release. The following deficiencies were noted:

- Inadequate monitoring over the removal, deposit and recording of cash from kiosk machines by the service provider existed. Amounts collected via the kiosk were not documented and agreed to bank records during the daily checkout sheet and monthly bank reconciliation process. (See Related Comment 2020-002)
- Receipts for monies processed outside the kiosk system were not batched and deposited daily. (See Related Comment 2020-002)
- Daily checkout sheets to account for all Inmate Trust Fund deposits were not prepared. Daily checkout sheets which included amounts for both the jail commissary fund and the inmate trust fund account, when prepared, did not foot and agree to the total deposits made into the two accounts. (See Related Comment 2020-002)
- No evidence that disbursements from the inmate account were reviewed by a person independent of the accounting function.
- Documentation for refunds issued to inmates upon release for any remaining account balance was not maintained.
- There is no documentation maintained by the jail that provides support that upon release the inmates did in fact receive the monies due to them.
- The majority of refunds remitted to inmates were completed via the issuance of a debit card to the inmate. There were no controls over the issuance of the refunds issued with a debit card or any reconciliation of the refunds issued via debit cards to the accounting records.

The jailer failed to properly implement internal controls and provide sufficient management oversight over kiosk machine processes, deposits, disbursements and refunds of the Inmate Trust Account.

Lack of internal controls over the accounting functions for the Inmate Trust Account could allow errors to occur and go undetected. In addition, lack of controls over this process increases the risk of misappropriation of assets, errors and inaccurate financial reporting.

JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)

Section II: Financial Statement Findings (Continued)

2020-003 The Jailer Failed To Properly Implement Controls Over The Inmate Trust Account Financial Reporting (Continued)

Adequate segregation of duties is essential over receipts, disbursements, and bank reconciliations. In addition, KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* requires Jailers to maintain monthly cash reconciliations, daily checkout sheets, and disbursement ledgers. The Department for Local Government requirements assist Jailers in ensuring that records are complete and accurate.

We recommend that the jailer implement procedures to strengthen controls over the inmate account and associated accounting functions.

The following procedures should be implemented to strengthen controls over the inmate account:

- Appropriate oversight and documentation should be maintained over the withdrawal of inmate monies from the kiosk machines. A daily checkout sheet that includes the makeup of the funds removed, signature of the people performing the removal, and total removed should be prepared.
- Receipts should be deposited daily.
- A deposit ticket should be prepared based upon the daily checkout sheet and counted money and then reviewed by an independent person to ensure the amount on the deposit slip agrees to the daily checkout sheet and the money being deposited.
- After the deposit has been made, the bookkeeper should agree the deposit receipt to the daily checkout sheet. This deposit receipt should be attached to the daily checkout sheet after review.
- At minimum, on a monthly basis, a person independent of the accounting function should review deposit receipts and compare that to the accounting system to ensure accuracy.
- Bank reconciliations should be performed monthly and reviewed by a person independent of the accounting process. The bank reconciliations should include all outstanding checks, deposits-in-transit, receivables, and liabilities. The inmate account is considered a trust account and should reconcile to zero each month.
- All disbursements should be reviewed by a person independent of the accounting function. The jailer should implement procedures to require the inmates to sign a receipt documenting the return their fund balance held upon release.
- Controls over refunds issued via debit cards should be implemented and monitored.

See Appendix B

JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020
(Continued)

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

Finding Number	Prior Year Finding Title	Status	Corrective Action
2019-001	The Jailer Lacks Controls Over Receipts	Unresolved	See corrective action for current year finding 2020-002

See Summary Schedule of Prior Audit Findings at Appendix C

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

JESSAMINE COUNTY FISCAL COURT

For The Year Ended June 30, 2020

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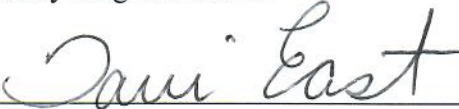
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
JESSAMINE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2020

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



County Judge/Executive



County Treasurer

VIEWS OF RESPONSIBLE OFFICIAL AND PLANNED CORRECTIVE ACTION

JESSAMINE COUNTY FISCAL COURT

For The Year Ended June 30, 2020



JESSAMINE COUNTY FISCAL COURT

101 N. Main Street • Court House • Nicholasville, KY 40356 • (859) 885-4500
www.jessamineco.com

JESSAMINE COUNTY VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION FYE JUNE 30, 2020

2020-001: The Jailer Did Not Have Adequate Internal Controls, Segregation Of Duties Or Management Oversight Over Jail Commissary Fund Accounting Functions

Views of Responsible Official and Planned Corrective Action:

The County Treasurer does not have any control or insight over the Canteen at the Jessamine County Detention Center. I have been assured that change will be made to correct these actions in the immediate future.

Prepared by: Tami East

Date Prepared: 7/19/21

Person Responsible for Corrective Action Plan: Jon Sallee, Jailer

Anticipated Completion Date: Immediately



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JESSAMINE COUNTY VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION FYE JUNE 30, 2020

2020-002 The Jailer Lacks Internal Controls Over Jail Commissary And Inmate Receipts

Views of Responsible Official and Planned Corrective Action:

The County Treasurer does not have any control or insight over the Canteen at the Jessamine County Detention Center. I have been assured that change will be made to correct these actions in the immediate future.

Prepared by: Tami East

Date Prepared: 7/19/21

Person Responsible for Corrective Action Plan: Jon Sallee, Jailer

Anticipated Completion Date: Immediately



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JESSAMINE COUNTY VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION FYE JUNE 30, 2020

2020-003 The Jailer Failed To Properly Implement Controls Over The Inmate Trust Account Financial Reporting

Views of Responsible Official and Planned Corrective Action:

The County Treasurer does not have any control or insight over the Canteen at the Jessamine County Detention Center. I have been assured that change will be made to correct these actions in the immediate future.

Prepared by: Tami East

Date Prepared: 7/19/21

Person Responsible for Corrective Action Plan: Jon Sallee, Jailer

Anticipated Completion Date: Immediately



JESSAMINE COUNTY DETENTION CENTER
229 EAST MAPLE STREET • NICHOLASVILLE, KY 40356

JON SALLEE, Jailer
www.jessaminedetention.com

Phone: (859) 885-4558
Fax: (859) 887-2624

**Jessamine County
Views of Responsible Officials
And Planned Corrective Action
Fye June 30, 2020**

Title : 2020-001 The Jailer Did Not Have Adequate Internal Controls, Segregation Of Duties Or Management Oversight Over Jail Commissary Fund Accounting Functions

Views of Responsible Official and Planned Corrective Action:

The Jailer has instructed myself to begin preparing daily check out sheets as required by the Kentucky Revised Statutes so that the Detention Center has adequate internal controls. In addition, the Jailer plans to give Captain Gina Reed additional duties to assist Major Mike Cassidy with the duties and management oversight of the jail commissary fund accounting functions.

Title: 2020-002 The Jailer Lacks Internal Controls Over Jail Commissary and Inmate Receipts

Views of Responsible Official and Planned Corrective Action:

The Jailer has instructed Major Cassidy to be the only approved purchasing agent for the jail commissary account and to ensure that each purchase has a documented receipt to accompany the purchase.

Title: 2020-003 The Jailer Failed To Properly Implement Controls Over The Inmate Trust Account Financial Reporting

Views of Responsible Official and Planned Corrective Action:

The jailer will work with jail staff to implement the following procedures to strengthen controls over the inmate account and associated accounting functions. To correct this issue the jail will start printing a receipt for each debit card issued which will be signed by the inmate, deputy, and a witness. If a refund is given to an inmate in the form of a check a receipt with two signatures will be completed. A Kellwell staff member empties all money from the kiosk once per week. Myself or Gina Reed will start printing a kiosk empty report weekly to compare to the deposit amount on the statement. Any monies that are not deposited in the kiosk for whatever reason will be manually deposited into the inmates account and a receipt will be printed and signed off by inmate, deputy, and witness.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JESSAMINE COUNTY FISCAL COURT

For The Year Ended June 30, 2020



JESSAMINE COUNTY FISCAL COURT

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JESSAMINE COUNTY FISCAL COURT SUMMARY OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Finding 2019-001 The Jailer Lacks Internal Control Over Receipts

Current Status: Not Corrected. The internal controls over receipts at the jail still lack proper internal controls. See repeat finding along with management response in the current year audit numbered 2020-002.