

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

**For The Fiscal Year Ended  
June 30, 2012**



**ADAM H. EDELEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



## **EXECUTIVE SUMMARY**

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

**June 30, 2012**

The Auditor of Public Accounts has completed the audit of the Christian County Fiscal Court for fiscal year ended June 30, 2012. We have issued unqualified opinions on the governmental activities, business-type activities, and each major fund. In accordance with OMB Circular A-133, we have issued an unqualified opinion on the compliance requirements that are applicable to Christian County's major federal program: Community Development Block Grant (CFDA 14.228 and 14.255).

#### **Financial Condition:**

The fiscal court had total net assets of \$33,363,434 as of June 30, 2012. The fiscal court had unrestricted net assets of \$11,087,907 in its governmental activities as of June 30, 2012, with total net assets of \$33,203,133. In its business-type activities, total cash and cash equivalents were \$100,104 with total net assets of \$160,301. The fiscal court had total debt principal as of June 30, 2012 of \$19,894,026 with \$1,827,980 due within the next year.

#### **Report Comments:**

- 2012-01 Christian County Detention Center Has Lack Of Segregation Of Duties Over The Jail Inmate Account
- 2012-02 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days

#### **Deposits:**

As of June 30, 2012, the fiscal court's deposits were insured and collateralized by bank securities.



CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT.....	1
CHRISTIAN COUNTY OFFICIALS.....	3
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS.....	7
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS .....	10
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS .....	14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS.....	18
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS .....	23
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS .....	27
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS.....	31
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS.....	35
STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS.....	39
NOTES TO FINANCIAL STATEMENTS.....	41
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	63
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	64
BUDGETARY COMPARISON INFORMATION - MAJOR FUNDS .....	67
NOTES TO OTHER INFORMATION.....	73
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	77
REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	81
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	85
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE	





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Lori H. Flanery, Secretary  
Finance and Administration Cabinet  
Honorable Steve Tribble, Christian County Judge/Executive  
Members of the Christian County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Christian County, Kentucky, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Christian County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Christian County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Christian County, Kentucky, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.



To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Lori H. Flanery, Secretary  
Finance and Administration Cabinet  
Honorable Steve Tribble, Christian County Judge/Executive  
Members of the Christian County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Christian County, Kentucky's basic financial statements as a whole. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation of the basic financial statements taken as a whole. The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2013, on our consideration of Christian County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following report comments:

- 2012-01 Christian County Detention Center Has Lack Of Segregation Of Duties Over The Jail Inmate Account
- 2012-02 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

March 26, 2013



**CHRISTIAN COUNTY OFFICIALS****For The Year Ended June 30, 2012****Fiscal Court Members:**

Steve Tribble	County Judge/Executive
Mark Cansler	County Magistrate
David Collins	County Magistrate
Terry Bowman	County Magistrate
James Fleming	County Magistrate
Edwin Long	County Magistrate
Rudolph Pettus	County Magistrate
Tom Jones	County Magistrate
Jack Lackey	County Magistrate

**Other Elected Officials:**

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

**Appointed Personnel:**

Walter Cummings	County Treasurer
Ruth Mason	Assistant County Treasurer
Nita Leavell	County Finance Officer

THIS PAGE LEFT BLANK INTENTIONALLY

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

**June 30, 2012**



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

June 30, 2012

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 11,242,225	\$ 100,104	\$ 11,342,329
Notes Receivable	79,336		79,336
Total Current Assets	<u>11,321,561</u>	<u>100,104</u>	<u>11,421,665</u>
Noncurrent Assets:			
Notes Receivable	262,735		262,735
Capital Assets - Net of Accumulated Depreciation			
Land	2,263,092		2,263,092
Land Improvements	31,537		31,537
Buildings	28,663,901		28,663,901
Furniture and Office Equipment	455,815		455,815
Vehicles and Equipment	1,844,238	60,197	1,904,435
Infrastructure	8,254,280		8,254,280
Total Noncurrent Assets	<u>41,775,598</u>	<u>60,197</u>	<u>41,835,795</u>
Total Assets	<u>53,097,159</u>	<u>160,301</u>	<u>53,257,460</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Bonds Payable	1,715,000		1,715,000
Financing Obligations Payable	112,980		112,980
Total Current Liabilities	<u>1,827,980</u>		<u>1,827,980</u>
Noncurrent Liabilities:			
Bonds Payable	17,855,000		17,855,000
Financing Obligations Payable	211,046		211,046
Total Noncurrent Liabilities	<u>18,066,046</u>		<u>18,066,046</u>
Total Liabilities	<u>19,894,026</u>		<u>19,894,026</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	21,618,837	60,197	21,679,034
Restricted for:			
General Government-Economic Development	495,030		495,030
Debt Service	1,359		1,359
Unrestricted	11,087,907	100,104	11,188,011
Total Net Assets	<u>\$ 33,203,133</u>	<u>\$ 160,301</u>	<u>\$ 33,363,434</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

**CHRISTIAN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2012**

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

**For The Year Ended June 30, 2012**

<b>Functions/Programs Reporting Entity</b>	<b>Program Revenues Received</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 6,526,289	\$ 228,735	\$ 1,934,310	\$
Protection to Persons and Property	5,509,812	4,428,297	1,173,814	
General Health and Sanitation	400,020	74,752	97,882	
Social Services	134,998		467,415	10,000
Recreation and Culture	380,768		24,173	
Roads	2,836,780		2,212,476	599,101
Airports	29,813			
Interest on Long-term Debt	708,616			
Capital Projects	765,840			
Total Governmental Activities	17,292,936	4,731,784	5,910,070	609,101
Business-type Activities:				
Jail Canteen	534,602	556,235		
Total Business-type Activities	534,602	556,235		
Total Primary Government	\$ 17,827,538	\$ 5,288,019	\$ 5,910,070	\$ 609,101

**General Revenues and Transfers:**

Taxes:

Real Property Taxes

Personal Property Taxes

Motor Vehicle Taxes

Other Taxes

Sheriff/Clerk 25% Account

E-911 Fees

In Lieu of Tax

Miscellaneous Revenues

Telephone Commissions

Transfers In (Out)

Interest Received

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

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



**CHRISTIAN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2012**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (4,363,244)	\$	\$ (4,363,244)
92,299		92,299
(227,386)		(227,386)
342,417		342,417
(356,595)		(356,595)
(25,203)		(25,203)
(29,813)		(29,813)
(708,616)		(708,616)
(765,840)		(765,840)
(6,041,981)		(6,041,981)
	21,633	21,633
	21,633	21,633
(6,041,981)	21,633	(6,020,348)
4,175,356		4,175,356
692,871		692,871
311,605		311,605
855,199		855,199
644,399		644,399
181,821		181,821
308,824		308,824
331,566		331,566
201,421		201,421
1,350	(1,350)	
84,156	179	84,335
7,788,568	(1,171)	7,787,397
1,746,587	20,462	1,767,049
31,456,546	139,839	31,596,385
\$ 33,203,133	\$ 160,301	\$ 33,363,434

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

**June 30, 2012**

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

**June 30, 2012**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8,434,662	\$ 12,498	\$ 253,123	\$ 77,427
 Total Assets	8,434,662	12,498	253,123	77,427
 <b>FUND BALANCES</b>				
Restricted for:				
General Government-Economic Development				
Debt Service				
Committed for:				
General Government-Economic Development				
Protection to Persons and Property				
Assigned for:				
Roads		12,498		77,427
Protection to Persons and Property			253,123	
Unassigned	8,434,662			
 Total Fund Balances	\$ 8,434,662	\$ 12,498	\$ 253,123	\$ 77,427

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

**CHRISTIAN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2012**  
**(Continued)**

<b>Revolving Loan Fund</b>	<b>E-911 Fee Fund</b>	<b>Industrial Authority Revolving Loan Fund</b>	<b>General Obligation Bond Fund</b>	<b>Public Courthouse Corporation Fund</b>	<b>Total Governmental Funds</b>
\$ 58,957	\$ 1,127,638	\$ 495,030	\$ 359	\$ 1,000	\$ 10,460,694
58,957	1,127,638	495,030	359	1,000	10,460,694
		495,030			495,030
			359	1,000	1,359
58,957					58,957
	1,127,638				1,127,638
					89,925
					253,123
					8,434,662
\$ 58,957	\$ 1,127,638	\$ 495,030	\$ 359	\$ 1,000	\$ 10,460,694

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

Total Fund Balances	
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	\$ 10,460,694
Notes Receivable Is Not Considered A Current Resource and Therefore, Is Not Reported in the Funds.	342,071
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	58,957,310
Accumulated Depreciation	(17,444,447)
Internal Service Fund Is Used By Management To Charge The Cost Of Health Insurance To Individual Funds. The Assets And Liabilities Are Included In Governmental Activities On The Statement of Net Assets	781,531
Long- term Debt Is Not Due And Payable In The Current Period And, Therefore, Is Not Reported In The Funds.	
Financing Obligations	(324,026)
Bonds	(19,570,000)
Net Assets Of Governmental Activities	\$ 33,203,133

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

**For The Year Ended June 30, 2012**

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

**For The Year Ended June 30, 2012**

	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
<b>REVENUES</b>				
Taxes	\$ 5,889,965	\$	\$	\$
In Lieu Tax Payments	308,824			
Excess Fees	644,400			
Licenses and Permits	104,605			
Intergovernmental	1,564,052	2,566,433	4,762,656	245,144
Charges for Services	198,882		269,446	74
Miscellaneous	320,078	51,617	234,041	
Interest	68,660	946	539	
Total Revenues	9,099,466	2,618,996	5,266,682	245,218
<b>EXPENDITURES</b>				
General Government	2,112,096			
Protection to Persons and Property	353,823		4,600,159	
General Health and Sanitation	393,885			
Social Services	79,923			
Recreation and Culture	349,126			
Roads		2,756,915		191,336
Airports	29,813			
Debt Service	39,109	256,960	260,980	
Capital Projects	923,706	103,900		
Administration	2,462,701	267,047	1,222,834	
Total Expenditures	6,744,182	3,384,822	6,083,973	191,336
<b>Excess (Deficiency) of Revenues Over</b>				
<b>Expenditures Before Other</b>				
Financing Sources (Uses)	2,355,284	(765,826)	(817,291)	53,882
<b>Other Financing Sources (Uses)</b>				
Financing Obligation Proceeds	112,000			
Bond Proceeds				
Original Issue Premium				
Underwriter's Discount				
Cost of Bond Issuance				
Transfers From Other Funds	1,350	720,000	1,205,000	
Transfers To Other Funds	(2,160,337)		(161,302)	
Total Other Financing Sources (Uses)	(2,046,987)	720,000	1,043,698	
Net Change in Fund Balances	308,297	(45,826)	226,407	53,882
Fund Balances - Beginning (Restated)	8,126,365	58,324	26,716	23,545
Fund Balances - Ending	\$ 8,434,662	\$ 12,498	\$ 253,123	\$ 77,427

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



**CHRISTIAN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2012**  
**(Continued)**

Revolving Loan Fund	E-911 Fee Fund	Industrial Authority Revolving Loan Fund	General Obligation Bond Fund	Public Courthouse Corporation Fund	Total Governmental Funds
\$	\$ 181,821	\$	\$	\$	\$ 6,071,786
					308,824
					644,400
					104,605
	242,229			1,379,594	10,760,108
					468,402
20,000		84,319			710,055
1,385	2,793	9,760			84,083
<u>21,385</u>	<u>426,843</u>	<u>94,079</u>		<u>1,379,594</u>	<u>19,152,263</u>
16,030					2,128,126
	392,828				5,346,810
					393,885
		33,000			112,923
					349,126
					2,948,251
					29,813
			4,084,853	1,441,019	6,082,921
					1,027,606
		15		1,000	3,953,597
<u>16,030</u>	<u>392,828</u>	<u>33,015</u>	<u>4,084,853</u>	<u>1,442,019</u>	<u>22,373,058</u>
5,355	34,015	61,064	(4,084,853)	(62,425)	(3,220,795)
					112,000
			3,785,000		3,785,000
			55,578		55,578
			(26,309)		(26,309)
			(63,909)		(63,909)
			334,852	61,787	2,322,989
					(2,321,639)
			<u>4,085,212</u>	<u>61,787</u>	<u>3,863,710</u>
5,355	34,015	61,064	359	(638)	642,915
53,602	1,093,623	433,966		1,638	9,817,779
<u>\$ 58,957</u>	<u>\$ 1,127,638</u>	<u>\$ 495,030</u>	<u>\$ 359</u>	<u>\$ 1,000</u>	<u>\$ 10,460,694</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

**For The Year Ended June 30, 2012**



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

**For The Year Ended June 30, 2012**

Net Change In Fund Balances - Total Governmental Funds	\$	642,915
<p>Amounts Reported For Governmental Activities In The Statement Of Activities Are Different Because Governmental Funds Report Capital Outlays As Expenditures. However, In The Statement Of Activities The Cost Of Those Assets Is Allocated Over Their Estimated Useful Lives And Reported As Depreciation Expense.</p>		
Capital Outlay		2,189,530
Depreciation Expense		(2,410,475)
Book Value - Disposed Capital Assets		(34,150)
<p>Payments Received On Notes Receivable Provide A Current Financial Resource To Governmental Funds While Reducing The Receivable At The Government-wide Level; Therefore, The Activity Has Been Eliminated On The Statement Of Activities.</p>		
		(84,319)
<p>Internal Service Funds Are Used By Management To Charge The Cost Of Health Insurance To Individual Funds. The Net Revenues (Expenses) Of This Fund Are Reported With Governmental Activities.</p>		
		(119,919)
<p>The Issuance Of Long Term Debt (e.g. bonds, financing obligations) Provides Current Financial Resources To Governmental Funds, While Repayment Of Principal On Long-term Debt Consumes The Current Financial Resources Of Governmental Funds. These Transactions, However, Have No Effect On Net Assets.</p>		
Bond Proceeds		(3,785,000)
Financing Obligation Proceeds		(112,000)
Financing Obligation Principal Payments		3,845,005
Bond Principal Payments		<u>1,615,000</u>
Change in Net Assets of Governmental Activities	\$	<u>1,746,587</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

**June 30, 2012**





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

June 30, 2012

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
	<b>Jail Canteen Fund</b>	<b>Health Insurance Fund</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 100,104	\$ 781,531
Total Current Assets	<u>100,104</u>	<u>781,531</u>
Noncurrent Assets:		
Capital Assets:		
Vehicles and Equipment	287,105	
Less Accumulated Depreciation	(226,908)	
Total Noncurrent Assets	<u>60,197</u>	
Total Assets	<u>160,301</u>	<u>781,531</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	60,197	
Unrestricted	100,104	781,531
Total Net Assets	<u>\$ 160,301</u>	<u>\$ 781,531</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

**For The Year Ended June 30, 2012**



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

**For The Year Ended June 30, 2012**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
	<b>Jail Canteen Fund</b>	<b>Health Insurance Fund</b>
<b>Operating Revenues</b>		
Canteen Receipts	\$ 551,231	\$
Refunds/Reimbursements		1,585,153
Other Receipts	5,004	
Total Operating Revenues	<u>556,235</u>	<u>1,585,153</u>
<b>Operating Expenses</b>		
Cost of Sales	382,416	
Depreciation	23,668	
Educational and Recreational	100,794	
Administrative		354,507
Health Insurance Claims		1,355,743
Miscellaneous	390	
Inmate Pay	2,496	
Sales Tax	25,982	
Total Operating Expenses	<u>535,746</u>	<u>1,710,250</u>
Operating Income (Loss)	<u>20,489</u>	<u>(125,097)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	179	5,178
Gain on Sale of Capital Asset	1,144	
Total Nonoperating Revenues (Expenses)	<u>1,323</u>	<u>5,178</u>
Net Income (Loss) Before Transfers	<u>21,812</u>	<u>(119,919)</u>
<b>Other Financing Sources and (Uses)</b>		
Transfers To Other Funds	(1,350)	
Total Other Financing Sources and (Uses)	<u>(1,350)</u>	
Change In Net Assets	20,462	(119,919)
Total Net Assets - Beginning	139,839	901,450
Total Net Assets - Ending	<u>\$ 160,301</u>	<u>\$ 781,531</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

**For The Year Ended June 30, 2012**





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

**For The Year Ended June 30, 2012**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Jail Canteen Fund</u>	<u>Health Insurance Fund</u>
<b>Cash Flows From Operating Activities</b>		
Cash Receipts From Customers	\$ 551,231	\$ 1,585,153
Cash Receipts From Others	5,004	
Cash Payments For Goods And Services	(483,210)	(354,507)
Cash Payments For Health Insurance Claims		(1,355,743)
Cash Payments For Other	<u>(28,868)</u>	
Net Cash (Used) Provided By Operating Activities	<u>44,157</u>	<u>(125,097)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers To Other Funds	<u>(1,350)</u>	
Net Cash (Used) Provided By Noncapital Financing Activities	<u>(1,350)</u>	
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds Sale of Capital Assets	<u>1,350</u>	
Net Cash (Used) Provided By Capital and Related Financing Activities	<u>1,350</u>	
<b>Cash Flows From Investing Activities</b>		
Interest Earned	<u>179</u>	<u>5,178</u>
Net Cash (Used) Provided By Investing Activities	<u>179</u>	<u>5,178</u>
Net (Decrease) Increase in Cash and Cash Equivalents	44,336	(119,919)
Cash and Cash Equivalents - July 1, 2011	<u>55,768</u>	<u>901,450</u>
Cash and Cash Equivalents - June 30, 2012	<u>\$ 100,104</u>	<u>\$ 781,531</u>

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

CHRISTIAN COUNTY  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS  
 For The Year Ended June 30, 2012  
 (Continued)

	<b>Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund -</b>
	<b>Jail Canteen Fund</b>	<b>Health Insurance Fund</b>
<b>Reconciliation of Operating Income to Net Cash (Used) Provided by Operating Activities</b>		
Operating Income (Loss)	\$ 20,489	\$ (125,097)
Adjustments to Reconcile Operating Income To Net Cash (Used) Provided By Operating Activities -		
Depreciation Expense	<u>23,668</u>	<u>                    </u>
Total Cash (Used) Provided By Operating Activities	<u>\$ 44,157</u>	<u>\$ (125,097)</u>

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

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

**June 30, 2012**



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

**June 30, 2012**

	<b>Agency Funds</b>	
	<b>Inmate Account</b>	<b>Dog Warden Fund</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 18,858	\$ 5,495
Total Assets	18,858	5,495
<b>Liabilities</b>		
Amounts Held In Custody For Others	18,858	5,495
Total Liabilities	\$ 18,858	\$ 5,495

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	41
NOTE 2. DEPOSITS .....	48
NOTE 3. NOTES RECEIVABLE.....	48
NOTE 4. INTERFUND TRANSACTIONS.....	49
NOTE 5. CAPITAL ASSETS .....	50
NOTE 6. LONG-TERM DEBT .....	52
NOTE 7. EMPLOYEE RETIREMENT SYSTEM.....	57
NOTE 8. RELATED PARTY TRANSACTION .....	58
NOTE 9. DEFERRED COMPENSATION .....	58
NOTE 10. INSURANCE .....	58
NOTE 11. HEALTH INSURANCE .....	58
NOTE 12. PRIOR PERIOD ADJUSTMENT.....	59

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included or recognized on the Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Committed fund balance).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however, the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Christian County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or their exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. The county has no discretely presented component units.

Blended Component Units

Christian County Public Courthouse Corporation

The Christian County Fiscal Court appoints the Public Courthouse Corporation's governing board and has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of the Public Courthouse Corporation. Financial information for the Public Courthouse Corporation is blended within Christian County's financial statements. All activities of the Public Courthouse Corporation are accounted for within a major (debt service) fund.

Christian County Industrial Authority

The Christian County Fiscal Court appoints the Industrial Authority's governing board and has the ability to impose its will on the governing board. Financial information for the Industrial Authority is blended within Christian County's financial statements. All activities of the Industrial Authority are accounted for within a major (special revenue) fund.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

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

**C. Christian County Elected Officials**

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

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

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.



**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

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

**D. Government-wide and Fund Financial Statements (Continued)**

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

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

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

**Road Fund** - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

**Jail Fund** - The primary purpose of this fund is to account for the jail expenditures of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, and payments from other counties for housing prisoners and transfers from the General Fund. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

**Local Government Economic Assistance Fund** - The primary purpose of this fund is to account for coal and mineral tax revenues. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

**Revolving Loan Fund** - The primary purpose of this fund is to account for Community Development Block Grant Revolving Loan proceeds. Loans are made from this fund to local businesses that meet the Department for Local Government criteria for small business loans. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

**E-911 Fee Fund** - The primary purpose of this fund is to account for 911 tax revenues and emergency services expenditures.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

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

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Industrial Authority Revolving Loan Fund - The purpose of this fund is to account for the activities of the Christian County Industrial Authority, a blended component unit of the county. Activity of this fund includes the repayment of small business loans made by the Revolving Loan Fund. On November 12, 2003, the Department for Local Government approved an ordinance allowing this activity.

Public Courthouse Corporation Fund - The purpose of this fund is to account for the activities of the Public Courthouse Corporation, a blended component unit of the county. The Public Courthouse Corporation issues debt to build major facilities or additions. The Christian County Public Courthouse Corporation entered into a lease/sublease agreement with the Commonwealth of Kentucky, Administrative Office of the Courts to use and sublease all or a portion of certain facilities owned or to be constructed by or on behalf of the County. This lease/sublease agreement expires every two years.

**Special Revenue Funds:**

The Road Fund, Jail Fund, LGEA Fund, Revolving Loan Fund, E-911 Fee Fund, and the Industrial Authority Revolving Loan Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

**Debt Service Funds:**

The Public Courthouse Corporation Fund is presented as a debt service fund. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Enterprise Fund:**

The principal operating revenue of the county's enterprise fund is charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

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

**D. Government-wide and Fund Financial Statements (Continued)**

**Proprietary Funds (Continued)**

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**Internal Service Fund**

The primary government reports the following internal service fund:

Health Insurance Fund - The Fiscal Court maintains this internal service fund to account for the health insurance provided for other funds, on a cost reimbursement basis.

**Fiduciary Funds**

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county reports the following agency funds:

Inmate Account - which is used to account for inmate fees held by the Jail until they are turned over to the Fiscal Court.

Dog Warden Fund - is used to account for dog fees held by the dog warden, for custodial purposes only.

Unlike other funds, the agency funds reports assets and liabilities only; therefore, they have no measurement focus.

**E. Deposits and Investments**

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

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

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

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction in Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 25,000	10-60
Buildings	50,000	10-75
Building Improvements	50,000	10-75
Machinery and Equipment	5,000	3-25
Vehicles	5,000	2-40
Infrastructure	25,000	10-50

**G. Long-term Obligations**

In the government-wide financial statements and proprietary funds in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes, and financing obligations are reported.

In the fund financial statements, governmental funds recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

Non-spendable includes amounts that must be maintained intact legally or contractually.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

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

**H. Fund Equity (Continued)**

Spendable include the following:

- Restricted-amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed-amounts constrained for a specific purpose by the County using its highest level of decision making authority.
- Assigned-for all governmental funds, other than general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, amounts constrained by intent to be used for a specific purpose by the County or the delegated county committee or official given authority to assign amounts.
- Unassigned-for the general fund, amounts not classified as non-spendable, restricted, committed or assigned. For all other governmental funds, amount expended in excess of resources that are non-spendable, restricted, committed or assigned.

For resources considered committed, the County issues an ordinance or resolution that can only be changed with another corresponding ordinance or resolution.

For resources considered assigned, the County has designated the County Judge/Executive to carry out the intent of the fiscal court.

It is the policy of the County to spend restricted resources first, when both restricted and unrestricted resources are available to spend on the activity. Once restricted resources are exhausted, then committed, assigned and unassigned resources will be spent in that order on the activity.

Encumbrances, although not reported on the balance sheet, are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Due to the modified cash basis of accounting, encumbrances can also include invoices for goods or services received at June 30, but not yet paid and not included as an accounts payable. Significant encumbrances at year end are reported by major funds and included with the commitments and contingencies note disclosure, if applicable.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The State Local Finance Officer does not require formal budgets to be adopted for the Industrial Authority Revolving Loan Fund, Public Courthouse Corporation Fund, and the Jail Canteen Fund.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

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

**J. Related Organizations and Jointly Governed Organizations**

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

A regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that created the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility is a jointly governed organization. Based on these criteria, the following are considered jointly governed organizations of the Christian County Fiscal Court: Hopkinsville-Christian County Airport; Hopkinsville-Christian County Ambulance Service; Hopkinsville-Christian County Communication Center; Hopkinsville-Christian County Convention and Visitors Center; Hopkinsville-Christian County Economic Development Council; Hopkinsville-Christian County Public Library; Hopkinsville-Christian County Recreation Commission; Hopkinsville-Christian County Senior Citizens; and Hopkinsville-Christian County Planning Commission.

**Note 2. Deposits**

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the county's deposits may not be returned. The county does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2012, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Notes Receivable**

A. The County loaned \$300,000 to Seimer Milling Company on March 24, 2010, for the purpose of financing the acquisition of certain assets. Terms of the agreement stipulate a 5-year repayment schedule at 2.5 percent interest. Records indicate that Seimer Milling Company is in substantial compliance with this agreement. As of June 30, 2012, principal balance due was \$169,624.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 3. Notes Receivable (Continued)**

- B. The County loaned \$100,000 to Maintainer Corporation of Kentucky on April 25, 2006 for the purpose of financing real estate. Terms of the agreement stipulate a 10-year repayment schedule at 4.0 percent interest. Records indicate that Maintainer Corporation is in substantial compliance with this agreement. As of June 30, 2012 principal balance due was \$44,717.
- C. The County loaned \$150,000 to the Hopkinsville Industrial Foundation on April 1, 2011 for the purpose of attracting Denso Air Systems. Terms of the agreement stipulate an eight year repayment schedule at 1.50% percent interest. Records indicate that the Hopkinsville Industrial Foundation is in substantial compliance with this agreement. As of June 30, 2012, principal balance due was \$127,730.

These receivables are due to the Industrial Authority Revolving Loan Fund. Notes receivable, as of year-end for the government's individual major funds and all other funds, in the aggregate, are as follows:

	<u>Amount</u>
Short Term	\$ 79,336
Long Term	<u>262,735</u>
Total Receivables	<u>\$ 342,071</u>

**Note 4. Interfund Transactions**

The Christian County Fiscal Court has the following type of interfund transactions:

Interfund Transfers – Transfers presented in the fund financial statements represent the flow of assets (such as goods or cash) without equivalent flow of assets in return or requirement of repayment. The composition of the interfund transfers is presented below. Note the at the entity-wide level, the interfund transfers have been eliminated. This is to avoid revenues and expenses from being reported more than once.

	<u>Governmental Funds</u>		<u>Enterprise Funds</u>	<u>Total Transfers In</u>
	<u>General Fund</u>	<u>Jail Fund</u>	<u>Jail Commissary Fund</u>	
General Fund	\$	\$	\$ 1,350	\$ 1,350
Road Fund	720,000			720,000
Jail Fund	1,205,000			1,205,000
Public Courthouse Corporation Fund		61,787		61,787
General Obligation Bond Fund	<u>235,337</u>	<u>99,515</u>		<u>334,852</u>
Total Transfers Out	<u>\$ 2,160,337</u>	<u>\$ 161,302</u>	<u>\$ 1,350</u>	<u>\$ 2,322,989</u>

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 4. Interfund Transactions (Continued)**

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 5. Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,263,092	\$	\$	\$ 2,263,092
Total Capital Assets Not Being Depreciated	2,263,092			2,263,092
Capital Assets, Being Depreciated:				
Land Improvements	125,096			125,096
Buildings	34,969,403	143,305		35,112,708
Furniture and Office Equipment	1,207,664			1,207,664
Vehicles and Equipment	3,308,124	610,862	(353,071)	3,565,915
Infrastructure	15,247,472	1,435,363		16,682,835
Total Capital Assets Being Depreciated	54,857,759	2,189,530	(353,071)	56,694,218
Less Accumulated Depreciation For:				
Land Improvements	(83,667)	(9,892)		(93,559)
Buildings	(5,819,453)	(629,354)		(6,448,807)
Furniture and Office Equipment	(709,763)	(42,086)		(751,849)
Vehicles and Equipment	(1,787,721)	(252,877)	318,921	(1,721,677)
Infrastructure	(6,952,289)	(1,476,266)		(8,428,555)
Total Accumulated Depreciation	(15,352,893)	(2,410,475)	318,921	(17,444,447)
Total Capital Assets, Being Depreciated, Net	39,504,866	(220,945)	(34,150)	39,249,771
Governmental Activities Capital Assets, Net	\$ 41,767,958	\$ (220,945)	\$ (34,150)	\$ 41,512,863



**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 5. Capital Assets (Continued)**

Capital asset activity for the year ended June 30, 2012 was as follows: (Continued)

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Primary Government: (Continued)</b>				
<u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated:				
Vehicles and Equipment	\$ 297,430	\$	\$ (10,325)	\$ 287,105
Total Capital Assets Being Depreciated	297,430		(10,325)	287,105
Less Accumulated Depreciation For:				
Vehicles and Equipment	(213,359)	(23,668)	10,119	(226,908)
Total Accumulated Depreciation	(213,359)	(23,668)	10,119	(226,908)
Total Capital Assets, Being Depreciated, Net	84,071	(23,668)	(206)	60,197
Business-Type Activities Capital Assets, Net	<u>\$ 84,071</u>	<u>\$ (23,668)</u>	<u>\$ (206)</u>	<u>\$ 60,197</u>

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

<u>Governmental Activities:</u>	
General Government	\$ 558,502
Protection to Persons and Property	191,672
General Health and Sanitation	6,135
Social Services	22,075
Recreation and Culture	31,642
Roads, Including Depreciation of General Infrastructure Assets	<u>1,600,449</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,410,475</u>
<u>Business-Type Activities</u>	
Jail Canteen	<u>\$ 23,668</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 23,668</u>

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 6. Long-term Debt**

**A. Revenue Refunding Bonds, Series 2007**

The Christian County Public Courthouse Corporation (the "Corporation") was established by the County of Christian, Kentucky (the "County") to act as the agency and instrumentality of the County in acquiring, developing and financing public improvements and public projects. The Corporation issued its Christian County Public Courthouse Corporation Lease Revenue Bonds (District Court Facility Project), Series 2000, dated November 1, 2000, (the "Series 2000 Bonds") for the purpose of acquiring, constructing and furnishing a court facility and the completion of the renovation and improvement of the Christian County Corrections Center located in Hopkinsville, Kentucky.

The Corporation adopted at the direction of the Fiscal Court of the County, a resolution (the "Resolution") authorizing the Series 2007 Bonds for the purpose of paying the costs associated with the refunding and refinancing of the Series 2000 Bonds.

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

The Bonds in the amount of \$16,545,000 dated April 5, 2007, bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year commencing August 1, 2007, at rates ranging from 3.50% to 4.00%. The Bonds mature on August 1 of each year, in the years and in the principal amounts shown below. The balance on these bonds as of June 30, 2012 was \$12,835,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal Amount	Scheduled Interest
2013	\$ 955,000	\$ 483,119
2014	990,000	449,081
2015	1,025,000	413,178
2016	1,065,000	373,300
2017	1,110,000	329,800
2018-2022	6,280,000	929,800
2023	1,410,000	28,200
Totals	<u>\$ 12,835,000</u>	<u>\$ 3,006,478</u>

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

On June 1, 2010, the Fiscal Court issued two bonds, Series 2010A Recovery Zone Economic Development Bonds in the amount of \$2,045,000 and Series 2010B General Obligation Refunding Bonds in the amount of \$1,960,000. Series 2010A was issued for the purpose of road work to be performed on county roads and Series 2010B was issued for the purpose of refunding General Obligation Bonds, Series 1998. The Series 2010A bonds bear interest of 3.60% and the Series 2010B bonds bear interest of 2.00%. Payments are due on December 1 and June 1 of each year. The maturity date of the bonds is June 30, 2020. The balance of these bonds as of June 30, 2012 was \$3,270,000. Annual debt service requirements to maturity for the bonds are as follows:

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

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

Fiscal Year Ended June 30	Principal Amount	Scheduled Interest
2013	\$ 380,000	\$ 97,383
2014	390,000	86,612
2015	395,000	75,563
2016	400,000	64,462
2017	410,000	52,633
2018-2020	1,295,000	77,336
Totals	<u>\$ 3,270,000</u>	<u>\$ 453,989</u>

**C. General Obligation Refunding Bonds, Series 2011**

On November 20, 2011 the County of Christian, Kentucky issued General Obligation Refunding Bonds, Series, 2011 in the amount of \$3,875,000. The proceeds will be used to refinance financing obligations with Kentucky Association of Counties Leasing Trust Program for the Energy Conservation Project in the amount of \$2,185,000 and the Jail Renovation in the amount of \$1,565,000. The bonds bear interest of 2.00% to 3.125%. Payments are due on February 1 and August 1 of each year. The maturity date of the bonds is June 30, 2027. The balance of these bonds as of June 30, 2012 was \$3,465,000. Annual debt service requirements to maturity for the bonds are as follows:

Fiscal Year Ended June 30	Principal Amount	Scheduled Interest
2013	\$ 380,000	\$ 81,256
2014	390,000	73,656
2015	395,000	65,856
2016	400,000	57,956
2017	405,000	49,956
2018-2022	695,000	178,519
2023-2027	800,000	75,388
Totals	<u>\$ 3,465,000</u>	<u>\$ 582,587</u>

**D. Jail Renovation**

The Kentucky Local Correctional Facilities Construction Authority, an independent corporate agency and instrumentality of the Commonwealth of Kentucky, issues revenue bonds for the purpose of construction and reconstruction of jail facilities. On June 18, 1992, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$4,081,000 at a 5.186% effective interest rate. The terms of the financing agreement was for 25 years. The maturity date of the financing obligation is February 1, 2017. This lease was refinanced with the issuance of the General Obligation Refunding Bonds, Series 2011 issued on November 30, 2011.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**E. Energy Conservation Project**

On February 26, 2007 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$2,500,000 at a 3.991% variable interest rate. The financing obligation was to finance repairs and improvements to the following properties owned by the County. The properties include Courthouse, Courthouse Annex, County Jail, Sheriff's office, Road Department, and Animal Shelter. The maturity date of the obligation is January 20, 2027. This lease was refinanced with the issuance of the General Obligation Refunding Bonds, Series 2011 issued on November 30, 2011.

**F. Four Vehicles**

On March 6, 2008 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$96,700 at a 4.503% variable interest rate. The financing obligation was used to purchase four vehicles. The maturity date of the obligation is January 20, 2012. This financing obligation was paid off during the fiscal year ended June 30, 2012.

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

On March 23, 2009 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$119,630 at a 4.213% variable interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The maturity date of the obligation is April 20, 2013. The balance of the financing obligation at June 30, 2012 was \$24,630. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal Amount	Scheduled Interest
2013	\$ 24,630	\$ 106
Totals	<u>\$ 24,630</u>	<u>\$ 106</u>

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**H. Sheriff's Vehicles – 2010**

On May 11, 2010 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$75,774 at a 2.557% effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The maturity date of the obligation is January 20, 2013. The balance of the financing obligation at June 30, 2012 was \$25,774. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal Amount	Scheduled Interest
2013	\$ 25,774	\$ 56
Totals	<u>\$ 25,774</u>	<u>\$ 56</u>

**I. Sheriff's Vehicles – 2011**

On April 28, 2011 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$100,000 at a 4.55% effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The maturity date of the obligation is January 20, 2015. The balance of the financing obligation at June 30, 2012 was \$75,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal Amount	Scheduled Interest
2013	\$ 25,000	\$ 2,370
2014	25,000	1,232
2015	25,000	95
Totals	<u>\$ 75,000</u>	<u>\$ 3,697</u>

**J. Sheriff's Vehicles – 2012**

On March 28, 2012 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$112,000 at a 4.55% effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The maturity date of the obligation is January 20, 2015. The balance of the financing obligation at June 30, 2012 was \$112,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal Amount	Scheduled Interest
2013	\$ 28,000	\$ 4,632
2014	28,000	3,341
2015	28,000	2,049
2016	28,000	757
Totals	<u>\$ 112,000</u>	<u>\$ 10,779</u>

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**K. Campbell Office Building**

On August 27, 2010 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$103,500 at a 4.55% effective interest rate. The financing obligation was used to purchase the Campbell Office Building for the Christian County Detention Center. The maturity date of the obligation is August 20, 2020. The balance of the financing obligation at June 30, 2012 was \$86,622. Annual debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Principal Amount	Scheduled Interest
2013	\$ 9,576	\$ 3,785
2014	9,847	3,338
2015	10,126	2,880
2016	10,410	2,413
2017	10,709	1,923
2018-2021	35,954	2,728
Totals	<u>\$ 86,622</u>	<u>\$ 17,067</u>

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

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 3,640,000	\$ 3,785,000	\$ 690,000	\$ 6,735,000	\$ 760,000
Revenue Bonds	13,760,000		925,000	12,835,000	955,000
Financing Obligations:					
Kentucky Association Of Counties Leasing Trust Program	4,057,031	112,000	3,845,005	324,026	112,980
	<u>\$ 21,457,031</u>	<u>\$ 3,897,000</u>	<u>\$ 5,460,005</u>	<u>\$ 19,894,026</u>	<u>\$ 1,827,980</u>

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 7. Employee Retirement System**

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

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.83 percent.

The county's contributions for the years ended June 30, 2010, 2011 and 2012 were \$495,217, \$526,851, and \$585,748.

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

CERS also provides postretirement health care coverage as follows:

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

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once member 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.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 8. Related Party Transaction**

The Fiscal Court paid a total of \$103,900 to Westate Construction for bridge work. Magistrate, David Collins' brother-in-law is part owner of Westate Construction.

**Note 9. Deferred Compensation**

On December 19, 2000, the Christian County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, Kentucky, 40601-8862, or by telephone at (502) 573-7925.

**Note 10. Insurance**

For the fiscal year ended June 30, 2012, Christian County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 11. Health Insurance**

Christian County Fiscal Court elected to begin a partially self-funded health insurance plan for fiscal year ended June 30, 1998. This partially self-funded insurance plan covers all county employees, and the county pays for each county employee's individual coverage. Christian County contracted with Anthem Blue Cross and Blue Shield to administer the employee benefit plan for the 2011-2012 fiscal years.



**CHRISTIAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Continued)**

**Note 11. Health Insurance (Continued)**

This partially self-funded insurance plan has two distinct components that the fiscal court must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Incurred fixed costs for fiscal year ending June 30, 2012 were \$354,507. The second component is the claims cost, all of which Christian County is responsible to pay as they incur. Once an individual exceeds \$60,000 in claims or the County's aggregate claims exceed the predetermined maximum, the County will receive a reimbursement credit from the reinsurance carrier. Incurred claims for fiscal year ended June 30, 2012 were \$1,355,743. Christian County Fiscal Court's contract with Anthem Blue Cross and Blue Shield has no terminal liability provision and the Court is responsible to pay all run-out claims after termination. The Health Insurance Fund had a balance of \$781,531 as of June 30, 2012.

**Note 12. Prior Period Adjustment**

The prior year net asset ending balance has been restated for the following:

	<b>Governmental Activities</b>
Net Assets Ending Balance Prior Year	\$ 31,447,588
Adjustments:	
Interest Earned on CD	8,973
Prior Year Omitted Outstanding Checks	(15)
Rounding Difference	(1)
Bond Fund, Series 2010A, Sinking Fund	<u>1</u>
Net Assets Beginning Balance - Restated	<u>\$ 31,456,546</u>

The prior year governmental fund balance ending balance has been restated for the following:

	<b>General Fund</b>	<b>Road Fund</b>	<b>Local Government Economic Assistance Fund</b>	<b>Industrial Authority Revolving Loan Fund</b>	<b>Public Courthouse Corporation Fund</b>
Ending Fund Balance Prior Year	\$ 8,140,934	\$ 58,323	\$	\$ 433,981	\$ 1,640
Adjustments:					
Prior Year Omitted Outstanding Checks				(15)	
Rounding Difference	3				(2)
Interest Earned on CD	8,973				
Bond Fund, Series 2010A, Sinking Fund			1		
LGEA Fund	<u>(23,545)</u>		<u>23,545</u>		
Beginning Fund Balance - Restated	<u>\$ 8,126,365</u>	<u>\$ 58,324</u>	<u>\$ 23,545</u>	<u>\$ 433,966</u>	<u>\$ 1,638</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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

**Fiscal Year Ended June 30, 2012**



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

**Fiscal Year Ended June 30, 2012**

Federal Grantor CFDA #	Program Title	Pass-Through Grantor's Number	Expenditures
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed-Through State Department of Military Affairs:</i>			
97.042	Emergency Management Performance Grants		\$ 25,707
97.067	Homeland Security Grant Program		<u>11,733</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u><u>37,440</u></u></b>
<b><u>Department of Housing and Urban Development</u></b>			
<i>Passed-Through State Department for Local Government:</i>			
14.228	Community Development Block Grants/State's Program	**	399,320
14.255	Community Development Block Grants/State's Program - ARRA	**	<u>250,000</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u><u>649,320</u></u></b>
<b><u>U.S. Department of Justice</u></b>			
<i>Passed-Through State Department of Justice:</i>			
16.540	Juvenile Justice and Delinquency Prevention Allocation to States		22,327
16.579	Byrne Formula Grant Program		<u>35,743</u>
<b>Total U.S. Department of Justice</b>			<b><u><u>58,070</u></u></b>
Total Expenditures of Federal Awards			<b><u><u>\$ 744,830</u></u></b>

\*\*Tested as Major Program or Cluster

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

**CHRISTIAN COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Other Supplementary Information**  
**Fiscal Year Ended June 30, 2012**

Note 1 - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Christian County, Kentucky and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - The federal expenditures for the U.S. Department of Housing and Urban Development – Community Block Development Grants/States Program and Community Block Development Grants/States Program-ARRA includes funds transferred to the following subrecipient:

<u>Subrecipient</u>	<u>CFDA Number</u>	<u>Pass Through Grant Amount</u>
Pennyroyal Regional Mental Health Mental Retardation Board, Inc.	14.228	\$ 399,320
Pennyroyal Regional Mental Health Mental Retardation Board, Inc.	14.255	250,000

**CHRISTIAN COUNTY  
BUDGETARY COMPARISON INFORMATION - MAJOR FUNDS  
OTHER INFORMATION**

**For The Year Ended June 30, 2012**





**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON INFORMATION - MAJOR FUNDS**  
**Other Information - Modified Cash Basis**

**For The Year Ended June 30, 2012**

	<b>GENERAL FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 5,587,387	\$ 5,587,387	\$ 5,889,965	\$ 302,578
In Lieu Tax Payments	319,914	319,914	308,824	(11,090)
Excess Fees	342,000	342,000	644,400	302,400
Licenses and Permits	116,005	116,005	104,605	(11,400)
Intergovernmental	3,772,972	3,772,972	1,564,052	(2,208,920)
Charges for Services	221,452	221,452	198,882	(22,570)
Miscellaneous	177,522	177,522	320,078	142,556
Interest	83,450	83,450	68,660	(14,790)
Total Revenues	<u>10,620,702</u>	<u>10,620,702</u>	<u>9,099,466</u>	<u>(1,521,236)</u>
<b>EXPENDITURES</b>				
General Government	2,732,287	2,733,180	2,112,096	621,084
Protection to Persons and Property	643,275	651,559	353,823	297,736
General Health and Sanitation	540,376	559,305	393,885	165,420
Social Services	102,176	102,792	79,923	22,869
Recreation and Culture	292,794	349,786	349,126	660
Airports	28,000	29,813	29,813	
Debt Service	182,074	274,447	39,109	235,338
Capital Projects	2,120,549	2,042,549	923,706	1,118,843
Administration	2,727,541	2,625,641	2,462,701	162,940
Total Expenditures	<u>9,369,072</u>	<u>9,369,072</u>	<u>6,744,182</u>	<u>2,624,890</u>
Excess Revenues Over Expenditures Before Other Financing Sources	<u>1,251,630</u>	<u>1,251,630</u>	<u>2,355,284</u>	<u>1,103,654</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Financing Obligation Proceeds			112,000	112,000
Transfers To Other Funds	(3,838,219)	(3,838,219)	(2,160,337)	1,677,882
Transfers From Other Funds			1,350	1,350
Total Other Financing Sources (Uses)	<u>(3,838,219)</u>	<u>(3,838,219)</u>	<u>(2,046,987)</u>	<u>1,791,232</u>
Net Changes in Fund Balances	(2,586,589)	(2,586,589)	308,297	2,894,886
Fund Balances - Beginning (Restated)	<u>2,586,589</u>	<u>2,586,589</u>	<u>8,126,365</u>	<u>5,539,776</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,434,662</u>	<u>\$ 8,434,662</u>

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON INFORMATION - MAJOR FUNDS**  
**Other Information - Modified Cash Basis**  
**For The Year Ended June 30, 2012**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 2,300,673	\$ 2,300,673	\$ 2,566,433	\$ 265,760
Miscellaneous	42,232	42,232	51,617	9,385
Interest	750	750	946	196
Total Revenues	<u>2,343,655</u>	<u>2,343,655</u>	<u>2,618,996</u>	<u>275,341</u>
<b>EXPENDITURES</b>				
Roads	3,200,250	3,199,592	2,756,915	442,677
Debt Service	256,960	256,960	256,960	
Capital Projects	88,000	103,900	103,900	
Administration	359,005	343,763	267,047	76,716
Total Expenditures	<u>3,904,215</u>	<u>3,904,215</u>	<u>3,384,822</u>	<u>519,393</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,560,560)</u>	<u>(1,560,560)</u>	<u>(765,826)</u>	<u>794,734</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	1,550,560	1,550,560	720,000	(830,560)
Total Other Financing Sources (Uses)	<u>1,550,560</u>	<u>1,550,560</u>	<u>720,000</u>	<u>(830,560)</u>
Net Changes in Fund Balances	(10,000)	(10,000)	(45,826)	(35,826)
Fund Balances - Beginning (Restated)	10,000	10,000	58,324	48,324
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,498</u>	<u>\$ 12,498</u>

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON INFORMATION - MAJOR FUNDS**  
**Other Information - Modified Cash Basis**  
**For The Year Ended June 30, 2012**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 4,503,895	\$ 4,503,895	\$ 4,762,656	\$ 258,761
Charges for Services	237,000	237,000	269,446	32,446
Miscellaneous	235,850	235,850	234,041	(1,809)
Interest	400	400	539	139
Total Revenues	<u>4,977,145</u>	<u>4,977,145</u>	<u>5,266,682</u>	<u>289,537</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	5,348,755	5,501,115	4,600,159	900,956
Debt Service	584,314	451,017	260,980	190,037
Administration	1,366,735	1,347,672	1,222,834	124,838
Total Expenditures	<u>7,299,804</u>	<u>7,299,804</u>	<u>6,083,973</u>	<u>1,215,831</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(2,322,659)</u>	<u>(2,322,659)</u>	<u>(817,291)</u>	<u>1,505,368</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds			(161,302)	(161,302)
Transfers From Other Funds	2,287,659	2,287,659	1,205,000	(1,082,659)
Total Other Financing Sources (Uses)	<u>2,287,659</u>	<u>2,287,659</u>	<u>1,043,698</u>	<u>(1,243,961)</u>
Net Changes in Fund Balances	(35,000)	(35,000)	226,407	261,407
Fund Balances - Beginning	<u>35,000</u>	<u>35,000</u>	<u>26,716</u>	<u>(8,284)</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 253,123</u>	<u>\$ 253,123</u>

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON INFORMATION - MAJOR FUNDS**  
**Other Information - Modified Cash Basis**  
**For The Year Ended June 30, 2012**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 184,000	\$ 184,000	\$ 245,144	\$ 61,144
Interest			74	74
Total Revenues	<u>184,000</u>	<u>184,000</u>	<u>245,218</u>	<u>61,218</u>
<b>EXPENDITURES</b>				
Roads	194,000	194,000	191,336	2,664
Total Expenditures	<u>194,000</u>	<u>194,000</u>	<u>191,336</u>	<u>2,664</u>
Net Changes in Fund Balances	(10,000)	(10,000)	53,882	63,882
Fund Balances - Beginning	10,000	10,000	23,545	13,545
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,427</u>	<u>\$ 77,427</u>

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON INFORMATION - MAJOR FUNDS**  
**Other Information - Modified Cash Basis**  
**For The Year Ended June 30, 2012**  
**(Continued)**

	<b>REVOLVING LOAN FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 100	\$ 100	\$ 20,000	\$ 19,900
Interest	135	135	1,385	1,250
Total Revenues	<u>235</u>	<u>235</u>	<u>21,385</u>	<u>21,150</u>
<b>EXPENDITURES</b>				
General Government	56,105	56,105	16,030	40,075
Total Expenditures	<u>56,105</u>	<u>56,105</u>	<u>16,030</u>	<u>40,075</u>
Net Changes in Fund Balances	(55,870)	(55,870)	5,355	61,225
Fund Balances - Beginning	<u>55,870</u>	<u>55,870</u>	<u>53,602</u>	<u>(2,268)</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 58,957</u>	<u>\$ 58,957</u>

**CHRISTIAN COUNTY**  
**BUDGETARY COMPARISON INFORMATION - MAJOR FUNDS**  
**Other Information - Modified Cash Basis**  
**For The Year Ended June 30, 2012**  
**(Continued)**

	<b>E-911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 191,500	\$ 191,500	\$ 181,821	\$ (9,679)
Intergovernmental	232,700	232,700	242,229	9,529
Interest	2,100	2,100	2,793	693
Total Revenues	<u>426,300</u>	<u>426,300</u>	<u>426,843</u>	<u>543</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	1,319,568	1,321,273	392,828	928,445
Administration	10,000	8,295		8,295
Total Expenditures	<u>1,329,568</u>	<u>1,329,568</u>	<u>392,828</u>	<u>936,740</u>
Net Changes in Fund Balances	(903,268)	(903,268)	34,015	937,283
Fund Balances - Beginning	<u>903,268</u>	<u>903,268</u>	<u>1,093,623</u>	<u>190,355</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,127,638</u>	<u>\$ 1,127,638</u>

**CHRISTIAN COUNTY  
NOTES TO OTHER INFORMATION**

**June 30, 2012**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The Department for Local Government does not require the county to budget the Industrial Authority Revolving Loan Fund.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

THIS PAGE LEFT BLANK INTENTIONALLY



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





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Christian County, Kentucky, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 26, 2013. Christian County's financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Christian County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Christian County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Christian County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Christian County's internal control over financial reporting.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the schedule of findings and questioned costs as item 2012-01 to be a material weakness.

209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841  
FACSIMILE 502.564.2912  
WWW.AUDITOR.KY.GOV

AN EQUAL OPPORTUNITY EMPLOYER M/F/D



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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Christian County's financial statements are free of material misstatements we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the schedule of findings and questioned costs as item 2012-02.

The Christian County Judge/Executive's and the County Jailer's responses to the findings identified in our audit are included in the schedule of findings and questioned costs. We did not audit their responses and, accordingly, we express no opinions on them.

This report is intended solely for the information and use of management, others within the entity, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

March 26, 2013

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





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

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

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

Independent Auditor's Report

Compliance

We have audited Christian County, Kentucky's compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Christian County, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Christian County's management. Our responsibility is to express an opinion on Christian County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Christian County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Christian County's compliance with those requirements.

In our opinion, Christian County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Christian County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Christian County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Christian County's internal control over compliance.



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

Internal Control Over Compliance (Continued)

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

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

This report is intended solely for the information and use of management, others within the entity, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

March 26, 2013



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

**For The Year Ended June 30, 2012**



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

**Fiscal Year Ended June 30, 2012**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses unqualified opinions on the governmental activities, business-type activities, and each major fund of Christian County, Kentucky.
2. One significant deficiency, relating to the audit of the financial statements was reported in the Independent Auditor's Report. The significant deficiency is considered a material weakness.
3. One instance of noncompliance material to the financial statements of Christian County was disclosed during the audit which would be required to be reported in accordance with Government Auditing Standards.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for major federal awards programs for Christian County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Christian County reported in Part C of this schedule.
7. The programs tested as major programs were: Community Development Block Grant-State's Program (CFDA# 14.228 and CFDA# 14.255).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Christian County was determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**INTERNAL CONTROL – MATERIAL WEAKNESS**

2012-01 Christian County Detention Center Has Lack Of Segregation Of Duties Over The Jail Inmate Account

The Christian County Detention Center has a lack of adequate segregation of duties over the jail inmate account accounting functions. The bookkeeper for the jail inmate account posts to the receipts and disbursements ledgers, prepares checks, reconciles the bank statements, and prepares monthly collection and disbursements reports. The Jailer or another individual did not document oversight of any of these activities.

Lack of oversight could result in misappropriation of assets and/or inaccurate financial reporting which could occur but go undetected.

The Jailer should offset the lack of adequate segregation of duties by implementing compensating controls such as reviewing the bank reconciliations, comparing the monthly reports to the receipts and disbursements ledgers for accuracy, and requiring dual signatures on checks. Initialing and dating the bank reconciliations, receipts and disbursements ledgers, and reports can document this review.

*Jailer's Response: Controls will be implemented.*

**CHRISTIAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal Year Ended June 30, 2012  
(Continued)**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

**STATE LAWS AND REGULATIONS**

2012-02 The Fiscal Court Is Required To Pay For Purchases Within Thirty Working Days

During our testing, we noted that there were invoices for purchases that were not paid within 30 days. KRS 65.140 states, "...all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor." We recommend the fiscal court comply with KRS 65.140 by paying all invoices for goods or services in full within thirty (30) working days of receipt of a vendor's invoice.

*County Judge/Executive's Response: County Government will make every effort to comply with KRS 65.140 in the future.*

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

None.

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**CHRISTIAN COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2012**

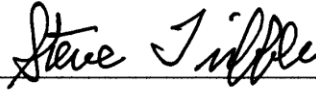
Appendix A



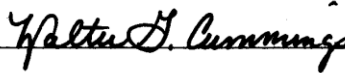
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
CHRISTIAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2012

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



County Judge/Executive



County Treasurer

