

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

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

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To the People of Kentucky  
Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
Honorable Kevin Neal, Marshall County Judge/Executive  
Members of the Marshall County Fiscal Court

### Independent Auditor's Report

#### **Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Marshall County Fiscal Court, for the year ended June 30, 2018, and the related notes to the financial statement which collectively comprise the Marshall County Fiscal Court's financial statement as listed in the table of contents.

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

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

#### **Auditor's Responsibility**

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

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

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

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

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

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

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Marshall County Fiscal Court as of June 30, 2018, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Marshall County Fiscal Court as of June 30, 2018, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

### **Other Matters**

#### *Supplementary Information*

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

The accompanying Budgetary Comparison Schedules and Capital Asset Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the

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**Other Matters (Continued)**

*Supplementary Information (Continued)*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019 on our consideration of the Marshall County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marshall County Fiscal Court's internal control over financial reporting and compliance.

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

- 2018-001 Fiscal Court Failed To Report All Receipts And Disbursements Associated With All County Activity
- 2018-002 Decentralized Receipts Were Not Properly Turned Over To The County Treasurer
- 2018-003 Weak Internal Controls Over Capital Assets Resulted In The Omission Of Capital Asset Additions From The County's Schedule of Capital Assets
- 2018-004 Fiscal Court Did Not Fix Reasonable Compensation For All Employees In Accordance With KRS 64.531
- 2018-005 The Marshall County Detention Center Has A Lack Of Segregation Of Duties Over Jail Commissary Operations

Respectfully submitted,



Romaine & Towery  
Certified Public Accountants

October 22, 2019

MARSHALL COUNTY OFFICIALS

For The Year Ended June 30, 2018

**Fiscal Court Members:**

Kevin Neal	County Judge/Executive
Bob Gold	Commissioner
Johnny Bowlin	Commissioner
Dr. Rick Cocke	Commissioner

**Other Elected Officials:**

Jeff Edwards	County Attorney
Roger Ford	Jailer
Tim York	County Clerk
Tiffany Griffith	Circuit Court Clerk
Kevin Byars	Sheriff
Tony Henson	Property Valuation Administrator
Mitchell Lee	Coroner

**Appointed Personnel:**

Emily Martin	County Treasurer
Brenda Edwards	Occupational Tax Administrator
Karen Freeman	Finance Officer
Wendy Greer	Road Supervisor
LaDonna Coriell	911 Administrator
Laurie Ford	Jail Administrative Assistant
Brad Warning	Deputy Judge/Executive

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

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

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

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

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 2,723,806	\$	\$
In Lieu Tax Payments	886,998		
Excess Fees	295,490		
Licenses and Permits	77,794		
Intergovernmental	1,796,630	2,439,887	1,987,959
Charges for Services	36,320	7,402	15,850
Miscellaneous	1,429,770	955,978	90,954
Interest	10,753	8,316	2,068
Total Receipts	<u>7,257,561</u>	<u>3,411,583</u>	<u>2,096,831</u>
<b>DISBURSEMENTS</b>			
Current:			
General Government	7,110,301		
Protection to Persons and Property	528,057		1,542,446
General Health and Sanitation	247,826		
Social Services	251,659		
Recreation and Culture	916,515		
Roads		5,080,216	
Other Transportation Facilities and Services			
Debt Service	19,726		
Capital Projects	803,727	28,140	
Administration	773,773	452,651	590,796
Total Disbursements	<u>10,651,584</u>	<u>5,561,007</u>	<u>2,133,242</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,394,023)</u>	<u>(2,149,424)</u>	<u>(36,411)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Payroll Revolving Account	66,006		
Transfers From Other Funds	4,800,411	2,350,000	220,000
Transfers To Other Funds	(23,520)		
Total Other Adjustments to Cash (Uses)	<u>4,842,897</u>	<u>2,350,000</u>	<u>220,000</u>
Net Change in Fund Balance	1,448,874	200,576	183,589
Fund Balance - Beginning	937,132	855,391	212,592
Fund Balance - Ending	<u>\$ 2,386,006</u>	<u>\$ 1,055,967</u>	<u>\$ 396,181</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 2,480,189	\$ 1,755,495	\$ 426,272
Less: Outstanding Checks	(160,189)	(699,528)	(30,091)
Certificates of Deposit			
Payroll Revolving Account	<u>66,006</u>		
Fund Balance - Ending	<u>\$ 2,386,006</u>	<u>\$ 1,055,967</u>	<u>\$ 396,181</u>

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

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

<b>Budgeted Funds</b>					
<b>Grant Fund</b>	<b>Emergency 911 Fund</b>	<b>Occupational Tax Administrator Fund</b>	<b>Veterans Van Fund</b>	<b>Alcohol Beverage Control Fund</b>	<b>Building Inspection Fund</b>
\$	\$ 185,754	\$ 5,949,718	\$	\$ 289,987	\$
220,775	243,272			36,822	224,205
				1,269	
	1,073	40,018	2	316	45
<u>220,775</u>	<u>430,099</u>	<u>5,989,736</u>	<u>2</u>	<u>328,394</u>	<u>224,327</u>
		91,213		64,546	
220,775	466,972			139,801	178,048
			5		
	154,997			26,182	12,651
<u>220,775</u>	<u>621,969</u>	<u>91,213</u>	<u>5</u>	<u>230,529</u>	<u>190,699</u>
	(191,870)	5,898,523	(3)	97,865	33,628
	320,866				
(411)		(7,690,866)			
(411)	320,866	(7,690,866)			
(411)	128,996	(1,792,343)	(3)	97,865	33,628
411	31,403	4,958,870	3	65,583	33,661
<u>\$</u>	<u>\$ 160,399</u>	<u>\$ 3,166,527</u>	<u>\$</u>	<u>\$ 163,448</u>	<u>\$ 67,289</u>
\$	\$ 161,116	\$ 481,568	\$	\$ 163,631	\$ 70,910
	(717)	(41)		(183)	(3,621)
		2,685,000			
<u>\$</u>	<u>\$ 160,399</u>	<u>\$ 3,166,527</u>	<u>\$</u>	<u>\$ 163,448</u>	<u>\$ 67,289</u>

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

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

<b>Unbudgeted Funds</b>			
<b>Public Properties Corporation Debt Service Fund</b>	<b>Public Properties Corporation Capital Projects Fund</b>	<b>Jail Commissary Fund</b>	<b>Total Funds</b>
\$	\$	\$	\$ 9,149,265
			886,998
			295,490
			338,821
497,500			7,186,023
			60,841
		33,820	2,510,567
12	92	262	62,989
<u>497,512</u>	<u>92</u>	<u>34,082</u>	<u>20,490,994</u>
			7,266,060
			2,855,324
			468,601
			251,659
		38,619	955,134
			5,080,216
			5
538,500			558,226
			831,867
			2,011,050
<u>538,500</u>	<u></u>	<u>38,619</u>	<u>20,278,142</u>
<u>(40,988)</u>	<u>92</u>	<u>(4,537)</u>	<u>212,852</u>
			66,006
41,000			7,732,277
	(17,480)		(7,732,277)
<u>41,000</u>	<u>(17,480)</u>	<u></u>	<u>66,006</u>
12	(17,388)	(4,537)	278,858
1,078	17,396	215,561	7,329,081
<u>\$ 1,090</u>	<u>\$ 8</u>	<u>\$ 211,024</u>	<u>\$ 7,607,939</u>
\$ 1,090	\$ 8	\$ 221,014	\$ 5,761,293
		(9,990)	(904,360)
			2,685,000
			66,006
<u>\$ 1,090</u>	<u>\$ 8</u>	<u>\$ 211,024</u>	<u>\$ 7,607,939</u>

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

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**MARSHALL COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2018**

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

**A. Reporting Entity**

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

The following entity: The Marshall County Refuse Disposal District would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However under the regulatory basis it is no longer a required component of the reporting entity. Audits of the following entity can be obtained from the Marshall County Fiscal Court: 1101 Main Street, Benton, Kentucky 42025.

**B. Basis of Accounting**

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

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

Generally 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.

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

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

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

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

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

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

Emergency 911 Fund - The primary purpose of this fund is to account for the emergency dispatch services. The primary sources of receipts for this fund are 911 service fees as well as other fees received from the state.

Occupational Tax Administrator Fund - The primary purpose of this fund is to account for occupational tax receipts. Occupational Tax receipts are recorded in this fund and then transferred to other operating funds as needed.

Veterans Van Fund -The fund is used to account for receipts and disbursements associated with the Veterans' Van project. The primary source of receipts for this fund is donations.

Alcohol Beverage Control Fund - The fund is used to account for receipts and disbursements associated with the liquor licensing. The primary source of receipts for this fund is taxes and licenses.

Building Inspection Fund - The fund is used to account for receipts and disbursements associated with the building inspection license. The primary source of receipts for this fund is fees collected for building inspections licenses.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Justice Center Debt Service Fund - The purpose of this fund is to account for debt service requirements of the general obligation bonds of the Public Properties Corporation.

Public Properties Corporation Justice Center Debt Service Fund - The purpose of this fund is to account for the bond redemption fund of the Public Properties Corporation.

Jail Commissary 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 and to enhance the well-being of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund.

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

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

**D. Budgetary Information**

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

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

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

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

The state local finance officer does not require the Public Properties Corporation Justice Center Debt Service Fund or the Public Properties Corporation Justice Center Capital Projects Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Marshall County Elected Officials**

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

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

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

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

**F. Deposits and Investments**

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

KRS 66.480 authorizes the county to invest in 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).

**G. Long-term Obligations**

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

**H. Tax Abatements**

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

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

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2018, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

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

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2018.

	General Fund	Federal Grant Fund	Occupational Tax Fund	PPC Capital Projects Fund	Total Transfers In
General Fund	\$	\$ 411	\$ 4,800,000	\$	\$ 4,800,411
Road Fund			2,350,000		2,350,000
Jail Fund			220,000		220,000
E911 Fund			320,866		320,866
PPC Debt Service Fund	23,520			17,480	41,000
Total Transfers Out	<u>\$ 23,520</u>	<u>\$ 411</u>	<u>\$ 7,690,866</u>	<u>\$ 17,480</u>	<u>\$ 7,732,277</u>

Reason for transfers:

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

**Note 4. Health Reimbursement Account/Flexible Spending Account**

The Marshall County Fiscal Court, in Fiscal Court Order One, established a health reimbursement account on October 11, 2011 to provide employees an additional health benefit. The county has contracted with Febco Inc., a third-party administrator, to administer the plan. The plan provides a debit card to each eligible employee providing funds, determined by health insurance coverage, each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deductions. The account balance as of June 30, 2018 was \$9,855.

**Note 5. Receivables**

A. Arts Commission

On November 30, 2012, Marshall County entered into an agreement with Kentucky Association of Counties Financing Corporation for the purpose of the construction of the arts commission building. The principal amount was \$320,000 at an effective interest rate of 3.656% for thirty years. A verbal agreement between the Marshall County Arts Commission and Marshall County Fiscal Court exists stating that debt is paid by the county and the arts Commission in turn reimburses the county yearly. Ownership will go to the Marshall County Arts Commission at end of debt service term. As of June 30, 2018, the arts commission is in compliance with the verbal agreement with the county.

B. Sanitation Districts

Marshall County Fiscal Court makes noninterest bearing loans to Marshall County Sanitation Districts #1 and #2 for various operating expenses. As of June 30, 2017, the county had loaned \$18,940 and \$476,247 to District #1 and #2, respectively. During the fiscal year ended June 30, 2018, the county loaned \$37,217 and \$351,637 to District #1 and #2, respectively. The county received payments on these loans of \$17,647 and \$18,750, from District #1 and #2, respectively. At June 30, 2018, District #1 and #2 owed the county \$38,510 and \$809,134, respectively.

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

**Note 6. Agency Trust Funds**

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

The fiscal court has the following agency trust fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2018, was \$16,128.

**Note 7. Long-term Debt**

**A. General Obligation Refunding Bonds, Series 2012**

On April 3, 2012, the Marshall County Public Properties Corporation (Corporation) issued General Obligation Refunding Bonds, Series 2012, in the amount of \$4,815,000 for the purpose of paying the cost of constructing a new county justice center facility and the cost of the issuance of the bonds. Principal payments are due March 1, beginning in 2013, and interest, which is variable at 1%-2.5%, is payable semiannually on March 1 and September 1, beginning September 1, 2012. The maturity date of the issue is March 1, 2022. The outstanding balance as of June 30, 2018 was \$2,030,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 490,000	\$ 48,900
2020	500,000	37,875
2021	515,000	26,000
2022	<u>525,000</u>	<u>13,125</u>
Totals	<u>\$ 2,030,000</u>	<u>\$ 125,900</u>

The Corporation entered into a lease agreement with the Administrative Office of the Courts (AOC), which states that AOC agrees to pay a portion of the debt service requirements with the remaining portion to be paid by the Corporation.

The bonds are secured by a foreclosure first mortgage lien on the property and an assignment by the Corporation of its rights, title and interest in the lease with AOC.

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

**Note 7. Long-term Debt (Continued)**

**B. Financing Obligation – Arts Commission Building**

On November 30, 2012, Marshall County entered into an agreement with the Kentucky Association of Counties Finance Corporation for the purpose of the construction of the arts commission building. The terms of this agreement consist of monthly principal and interest payments for a term of thirty years at an interest rate of 3.656%. A verbal agreement exists between the Marshall County Arts Commission and Marshall County Fiscal Court (see Note 5) agreeing that the county is reimbursed yearly for the debt payments made and at maturity date the building will belong to the Marshall County Arts Commission. The principal balance as of June 30, 2018 was \$279,167. Future principal and interest payments are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 9,167	\$ 8,717
2020	10,000	9,295
2021	10,000	9,070
2022	10,000	8,840
2023	10,000	8,595
2024-2028	50,000	38,775
2029-2033	50,000	30,880
2034-2038	62,500	22,080
2039-2043	67,500	9,056
Totals	<u>\$ 279,167</u>	<u>\$ 145,308</u>

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Refunding Bonds	\$ 2,510,000	\$	\$ 480,000	\$ 2,030,000	\$ 490,000
Financing Obligations (Restated)	289,167	—	10,000	279,167	9,167
Total Long-term Debt	<u>\$ 2,799,167</u>	<u>\$</u>	<u>\$ 490,000</u>	<u>\$ 2,309,167</u>	<u>\$ 499,167</u>

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

**Note 8. Employee Retirement System**

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

The county's contribution for FY 2016 was \$1,451,162, FY 2017 was \$1,300,899 and FY 2018 was \$1,458,435.

Nonhazardous

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

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

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

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

Hazardous

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

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

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

**Note 8. Employee Retirement System (Continued)**

Hazardous (Continued)

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent of their annual creditable compensation and also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a seven and one-half percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

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

Health Insurance Coverage

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

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

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

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

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

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

**Note 8. Employee Retirement System (Continued)**

Health Insurance Coverage (Continued)

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

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

**Note 9. Deferred Compensation**

On February 4, 2000, the Marshall 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 Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 10. Insurance**

For the fiscal year ended June 30, 2018, Marshall 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.

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

**Note 11. Landfill Closure and Post-Closure Costs**

In 2002, the legislature passed House Bill No. 174 that among other things, provided for state assumption of responsibility for the costs of closure and remedial obligations for inactive solid waste landfills that ceased accepting waste prior to July 1, 1992. This is implemented as amendments to KRS 244, Subchapter 43. The Kentucky Division of Waste Management (Division) has determined that the Marshall County Landfill qualifies under this program for state assistance. However, as a necessary condition for performing this work, the Division required a legal right of entry granting permission for assessment and construction activities on the subject property. On February 8, 2005, the Marshall County Judge/Executive signed the right of entry to the Commonwealth of Kentucky and its authorized agents the right to enter upon this land for the purpose of performing such activities.

**Note 12. Payroll Revolving Account**

The reconciled balance of \$66,006 of the payroll revolving account as of June 30, 2018, was added to the general fund cash balance for financing reporting purposes.

**Note 13. Conduit Debt**

From time to time the county has issued bonds to provide financial assistance to an industrial authority for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Marshall County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2018, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 14. Tax Abatement**

The occupational tax was abated under the authority of the Kentucky Economic Development Finance Authority. Arkema, Inc. is eligible to receive this tax abatement due to a written agreement with the Kentucky Economic Development Finance Authority approved under the Kentucky Industrial Revitalization Act. The taxes are abated by a refund of the employees' occupational tax withheld. Recapture of abated taxes can occur by Arkema, Inc. failing to maintain the required 240 full-time employees. Arkema, Inc. made the following commitment: to maintain a minimum of 240 full-time employees. For fiscal year ended June 30, 2018, Marshall County Fiscal Court abated occupational taxes totaling \$52,273.

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

**Note 15. Prior Period Adjustments**

A. Financial Statement beginning balances were restated as follows:

	Audited Balance from Prior Year Report	Adjustments to Prior Year Balances	Prior Year Balances - Restated
Fund Balance - Budgeted Funds			
General Fund	\$ 937,012	\$ 120	\$ 937,132
Jail Fund	212,394	198	212,592
E911 Fund	30,930	473	31,403
Occupational Tax Fund	4,956,340	2,530	4,958,870

Beginning balance was restated due to a prior year outstanding checks totaling \$3,321 from the all above funds.

B. Changes in Long-term Debt

	Audited Balance from Prior Year Report	Adjustments to Prior Year Balances	Prior Year Balances - Restated
Financing Obligations	\$ 289,166	\$ 1	\$ 289,167

**Note 16. Subsequent Events**

Management has evaluated subsequent events that may require disclosure in the financial statements through October 22, 2019, the date the financial statements were available to be issued. Upon October 22, 2019, no subsequent events needed to be disclosed.

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 2,377,000	\$ 2,683,587	\$ 2,723,806	\$ 40,219
In Lieu Tax Payments	788,500	801,905	886,998	85,093
Excess Fees	195,000	295,490	295,490	
Licenses and Permits	75,000	75,000	77,794	2,794
Intergovernmental	1,697,900	1,812,072	1,796,630	(15,442)
Charges for Services	30,000	36,320	36,320	
Miscellaneous	223,745	1,257,659	1,429,770	172,111
Interest	5,500	8,209	10,753	2,544
Total Receipts	<u>5,392,645</u>	<u>6,970,242</u>	<u>7,257,561</u>	<u>287,319</u>
<b>DISBURSEMENTS</b>				
General Government	6,918,627	7,745,125	7,110,301	634,824
Protection to Persons and Property	504,925	566,275	528,057	38,218
General Health and Sanitation	247,400	293,100	247,826	45,274
Social Services	213,200	254,009	251,659	2,350
Recreation and Culture	915,100	935,100	916,515	18,585
Debt Service	42,445	43,270	19,726	23,544
Capital Projects	285,000	820,185	803,727	16,458
Administration	3,852,928	2,437,169	773,773	1,663,396
Total Disbursements	<u>12,979,625</u>	<u>13,094,233</u>	<u>10,651,584</u>	<u>2,442,649</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(7,586,980)</u>	<u>(6,123,991)</u>	<u>(3,394,023)</u>	<u>2,729,968</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	6,686,980	6,686,980	4,800,411	(1,886,569)
Transfers To Other Funds			(23,520)	(23,520)
Total Other Adjustments to Cash (Uses)	<u>6,686,980</u>	<u>6,686,980</u>	<u>4,776,891</u>	<u>(1,910,089)</u>
Net Change in Fund Balance	(900,000)	562,989	1,382,868	819,879
Fund Balance Beginning	<u>900,000</u>	<u>937,011</u>	<u>937,132</u>	<u>121</u>
Fund Balance - Ending	<u>\$</u>	<u>\$ 1,500,000</u>	<u>\$ 2,320,000</u>	<u>\$ 820,000</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,577,306	\$ 2,615,742	\$ 2,439,887	\$ (175,855)
Charges for Services		5,147	7,402	2,255
Miscellaneous		894,158	955,978	61,820
Interest	3,000	6,866	8,316	1,450
Total Receipts	<u>1,580,306</u>	<u>3,521,913</u>	<u>3,411,583</u>	<u>(110,330)</u>
<b>DISBURSEMENTS</b>				
Roads	2,928,259	6,223,788	5,080,216	1,143,572
Capital Projects		28,140	28,140	
Administration	1,216,000	1,349,329	452,651	896,678
Total Disbursements	<u>4,144,259</u>	<u>7,601,257</u>	<u>5,561,007</u>	<u>2,040,250</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,563,953)</u>	<u>(4,079,344)</u>	<u>(2,149,424)</u>	<u>1,929,920</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>1,723,953</u>	<u>1,723,953</u>	<u>2,350,000</u>	<u>626,047</u>
Total Other Adjustments to Cash (Uses)	<u>1,723,953</u>	<u>1,723,953</u>	<u>2,350,000</u>	<u>626,047</u>
Net Change in Fund Balance	(840,000)	(2,355,391)	200,576	2,555,967
Fund Balance Beginning	<u>840,000</u>	<u>855,391</u>	<u>855,391</u>	
Fund Balance - Ending	<u>\$</u>	<u>\$ (1,500,000)</u>	<u>\$ 1,055,967</u>	<u>\$ 2,555,967</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,403,000	\$ 1,653,525	\$ 1,987,959	\$ 334,434
Charges for Services	13,500	14,675	15,850	1,175
Miscellaneous	61,000	84,401	90,954	6,553
Interest	1,000	1,659	2,068	409
Total Receipts	<u>1,478,500</u>	<u>1,754,260</u>	<u>2,096,831</u>	<u>342,571</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,584,150	1,718,010	1,542,446	175,564
Administration	760,600	902,500	590,796	311,704
Total Disbursements	<u>2,344,750</u>	<u>2,620,510</u>	<u>2,133,242</u>	<u>487,268</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(866,250)</u>	<u>(866,250)</u>	<u>(36,411)</u>	<u>829,839</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>646,250</u>	<u>646,250</u>	<u>220,000</u>	<u>(426,250)</u>
Total Other Adjustments to Cash (Uses)	<u>646,250</u>	<u>646,250</u>	<u>220,000</u>	<u>(426,250)</u>
Net Change in Fund Balance	(220,000)	(220,000)	183,589	403,589
Fund Balance Beginning	<u>220,000</u>	<u>220,000</u>	<u>212,592</u>	<u>(7,408)</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 396,181</u>	<u>\$ 396,181</u>

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

	<b>GRANT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 227,775	\$ 220,775	\$ (7,000)
Total Receipts		227,775	220,775	(7,000)
<b>DISBURSEMENTS</b>				
General Health and Sanitation		227,775	220,775	7,000
Total Disbursements		227,775	220,775	7,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(411)	(411)
Total Other Adjustments to Cash (Uses)			(411)	(411)
Net Change in Fund Balance			(411)	(411)
Fund Balance - Beginning			411	411
Fund Balance - Ending	\$	\$	\$	\$

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

	<b>EMERGENCY 911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 170,000	\$ 170,000	\$ 185,754	\$ 15,754
Intergovernmental	212,000	245,306	243,272	(2,034)
Interest	750	815	1,073	258
Total Receipts	<u>382,750</u>	<u>416,121</u>	<u>430,099</u>	<u>13,978</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	491,600	492,600	466,972	25,628
Administration	243,600	276,901	154,997	121,904
Total Disbursements	<u>735,200</u>	<u>769,501</u>	<u>621,969</u>	<u>147,532</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(352,450)</u>	<u>(353,380)</u>	<u>(191,870)</u>	<u>161,510</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>322,450</u>	<u>322,450</u>	<u>320,866</u>	<u>(1,584)</u>
Total Other Adjustments to Cash (Uses)	<u>322,450</u>	<u>322,450</u>	<u>320,866</u>	<u>(1,584)</u>
Net Change in Fund Balance	(30,000)	(30,930)	128,996	159,926
Fund Balance Beginning	<u>30,000</u>	<u>30,930</u>	<u>31,403</u>	<u>473</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 160,399</u>	<u>\$ 160,399</u>

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

**OCCUPATIONAL TAX ADMINISTRATOR FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 4,500,000	\$ 5,930,658	\$ 5,949,718	\$ 19,060
Interest	10,000	29,846	40,018	10,172
Total Receipts	<u>4,510,000</u>	<u>5,960,504</u>	<u>5,989,736</u>	<u>29,232</u>
<b>DISBURSEMENTS</b>				
General Government	120,000	120,000	91,213	28,787
Administration		1,450,504		1,450,504
Total Disbursements	<u>120,000</u>	<u>1,570,504</u>	<u>91,213</u>	<u>1,479,291</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>4,390,000</u>	<u>4,390,000</u>	<u>5,898,523</u>	<u>1,508,523</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(9,390,000)</u>	<u>(9,390,000)</u>	<u>(7,690,866)</u>	<u>1,699,134</u>
Total Other Adjustments to Cash (Uses)	<u>(9,390,000)</u>	<u>(9,390,000)</u>	<u>(7,690,866)</u>	<u>1,699,134</u>
Net Change in Fund Balance	(5,000,000)	(5,000,000)	(1,792,343)	3,207,657
Fund Balance Beginning	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,958,870</u>	<u>(41,130)</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 3,166,527</u>	<u>\$ 3,166,527</u>

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

<b>VETERANS VAN FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$	2	\$ 2	\$
Total Receipts		2	2	
<b>DISBURSEMENTS</b>				
Other Transportation Facilities and Services		5	5	
Total Disbursements		5	5	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(3)	(3)	
Net Change in Fund Balance		(3)	(3)	
Fund Balance Beginning		3	3	
Fund Balance - Ending	\$	\$	\$	\$

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

**ALCOHOL BEVERAGE CONTROL FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 245,010	\$ 289,987	\$ 289,987	\$
Licenses and Permits	30,000	36,122	36,822	700
Charges for Services		519	1,269	750
Interest	100	244	316	72
Total Receipts	<u>275,110</u>	<u>326,872</u>	<u>328,394</u>	<u>1,522</u>
<b>DISBURSEMENTS</b>				
General Government	89,910	89,910	64,546	25,364
Protection to Persons and Property	214,400	214,400	139,801	74,599
Administration	40,800	92,562	26,182	66,380
Total Disbursements	<u>345,110</u>	<u>396,872</u>	<u>230,529</u>	<u>166,343</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>97,865</u>	<u>167,865</u>
Net Change in Fund Balance	(70,000)	(70,000)	97,865	167,865
Fund Balance Beginning	<u>70,000</u>	<u>70,000</u>	<u>65,583</u>	<u>(4,417)</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 163,448</u>	<u>\$ 163,448</u>

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

<b>BUILDING INSPECTION FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Licenses and Permits	\$ 250,000	\$ 302,805	\$ 224,205	\$ (78,600)
Intergovernmental	9,333	9,333		(9,333)
Miscellaneous			45	45
Interest	100	100	77	(23)
Total Receipts	<u>259,433</u>	<u>312,238</u>	<u>224,327</u>	<u>(87,911)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	238,400	238,400	178,048	60,352
Administration	31,700	118,167	12,651	105,516
Total Disbursements	<u>270,100</u>	<u>356,567</u>	<u>190,699</u>	<u>165,868</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(10,667)</u>	<u>(44,329)</u>	<u>33,628</u>	<u>77,957</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>10,667</u>	<u>10,667</u>		<u>(10,667)</u>
Total Other Adjustments to Cash (Uses)	<u>10,667</u>	<u>10,667</u>		<u>(10,667)</u>
Net Change in Fund Balance		(33,662)	33,628	67,290
Fund Balance Beginning		<u>33,662</u>	<u>33,661</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 67,289</u>	<u>\$ 67,289</u>

**MARSHALL COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULES**

**June 30, 2018**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Reconciliation of the General Fund**

Fund Balance - Beginning - Budgetary Basis	\$ 937,132
To adjust for Payroll Revolving Accounts	<u>66,006</u>
Total Fund Balance - Beginning - Regulatory Basis	<u><u>\$ 1,003,138</u></u>
Fund Balance - Ending - Budgetary Basis	\$ 2,320,000
To adjust for Payroll Revolving Accounts	<u>66,006</u>
Total Debt Service-Regulatory Basis	<u><u>\$ 2,386,006</u></u>

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

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

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

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

The fiscal court reports the following schedule of capital assets:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land and Land Improvements	\$ 2,092,045	\$ 118,140	\$ 60,000	\$ 2,150,185
Buildings and Building Improvements	15,802,409	171,520	546,210	15,427,719
Vehicles and Equipment	8,275,900	1,428,519	2,501,133	7,203,286
Infrastructure	<u>16,692,794</u>	<u>2,411,869</u>	<u></u>	<u>19,104,663</u>
 Total Capital Assets	 <u>\$ 42,863,148</u>	 <u>\$ 4,130,048</u>	 <u>\$ 3,107,343</u>	 <u>\$ 43,885,853</u>

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

**June 30, 2018**

**Note 1. Capital Assets**

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

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

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



The Honorable Kevin Neal, Marshall County Judge/Executive  
Members of the Marshall County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Marshall County Fiscal Court for the fiscal year ended June 30, 2018, and the related notes to the financial statement which collectively comprise the Marshall County Fiscal Court's financial statement and have issued our report thereon dated October 22, 2019.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2018-003 to be material weakness.

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

**Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2018-005 to be a significant deficiency.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Marshall County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2018-001, 2018-002 and 2018-004.

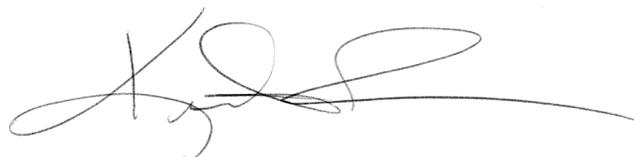
**Views of Responsible Officials and Planned Corrective Action**

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

**Purpose of this Report**

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

Respectfully submitted,



Romaine & Towery  
Certified Public Accountants

October 22, 2019

**MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

**MARSHALL COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**Fiscal Year Ended June 30, 2018**

**FINANCIAL STATEMENT FINDINGS**

**2018-001 Fiscal Court Failed To Report All Receipts And Disbursements Associated With All County Activity**

This is a repeat finding and was included in the prior year report as finding 2017-001. Marshall County had one bank account that was excluded from the County's 4<sup>th</sup> Quarter Financial Report and budget process: the Marshall County Animal Shelter. Due to the nature of this account and sources of funding, the County elected not to include the corresponding receipts and disbursements in the County's budget process or on the Quarterly Financial Reports. As a result, the County's Quarterly Financial Reports were misstated.

The Animal Shelter Director deposits all cash and checks received into this account no more than once a week. Receipts are given in triplicate, and the money is kept locked. She has a debit card to make purchases, but does not have access to the checks. The Treasurer does the bank reconciliation monthly and prepares a financial statement. Several times a month a check is written from this account into the General Fund for adoption fees.

According to KRS 68.020 "The County Treasurer shall receive and receipt for all money due the county from its collecting officers or from any other person whose duty it is to pay money into the county treasurer, and shall disburse such money in such manor and for such purpose as may be authorized by appropriate authority of the fiscal court. He shall not disburse any money received by him for any purpose other than that for which it was collected and paid over to him, and when he pays out money he shall take a receipt therefore. All warrants for the payment of funds from the county treasury shall be co-signed by the county treasurer and the county judge/executive." Furthermore, having "off the books" accounts without fiscal court oversight leaves these funds susceptible to misappropriation.

We recommend that the county Comply with KRS 68.020 by including all receipts and disbursements associated with the county in the budget process and on the Quarterly Financial Reports. By doing so, the Fiscal Court can exercise its proper authority over said receipts and disbursements and reduce any risks associated with them.

**Views of Responsible Official and Planned Corrective Action:** *This is a repeat comment on the FY 18 Audit. The Marshall County Animal Shelter Donation Account is viewed the same as the Park Foundation Account. It has its own Federal ID number and generates income off of county owned property, however, it is not included as a part of the county finances. They pay state tax on items because they are not tax exempt. For Fiscal Year 2020 the county will either dissolve this account and include all donation monies in the Fiscal Court financials or will relinquish control of the Animal Shelter Donation account to a separate board.*

**2018-002 Decentralized Receipts Were Not Properly Turned Over To The County Treasurer**

This is a repeat finding and was included in the prior year report as finding 2017-002. The following finding was noted with the County's decentralized receipts:

- Fees collected at the Marshall County Animal Shelter were not turned over to the County Treasurer on a daily basis.

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

FINANCIAL STATEMENT FINDINGS (Continued)

**2018-002 Decentralized Receipts Were Not Properly Turned Over To The County Treasurer  
(Continued)**

KRS 68.210 states “The administration of the county uniform budget system shall be under the supervision of the state local finance officer...” Minimum accounting requirements pursuant to KRS 68.210 include daily deposits intact into a federally insured banking institution. Because the county allowed decentralized receipts to be turned over to the County Treasurer two or three times a month, the County was not in compliance with KRS 68.210. Furthermore, not depositing receipts regularly leaves them more susceptible to misappropriation and theft.

We recommend the Fiscal Court comply with KRS 68.210 by requiring all funds collected in locations other than the Treasurer’s office to be deposited on a daily basis.

**Views of Responsible Official and Planned Corrective Action:** *This is a repeat comment on the FY 18 Audit. We have already began to follow the recommendation of the auditors. In FY 19 we implemented an internal policy to have staff deposit money daily.*

**2018-003 Weak Internal Controls Over Capital Assets Resulted In The Omission Of Capital Asset Additions From The County’s Schedule Of Capital Assets**

This is a repeat finding and was included in the prior year report as finding 2017-003. Material weaknesses exist over the reporting of the capital assets of Marshall County. Procedures are not followed to monitor the purchase of capital assets from the purchase, to inclusion on the county’s schedule of capital assets and finally, to the inclusion on the county’s insurance policy, if necessary. The county’s schedule of capital assets for the audit period failed to recognize all asset purchases that occurred throughout the year. Also, many entries on the schedule of capital assets did not include serial/identification numbers that would make tracing items difficult. Finally, no annual inventory of capital assets was performed.

Strong internal controls over capital assets are necessary to ensure accurate financial reporting and to protect assets from misappropriation. By having weak internal controls over capital assets, they are left vulnerable to misappropriation or misstatement. Because the county failed to emphasize strong internal controls over the reporting of capital assets, these misstatements were able to occur without detection.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. This uniform system of accounts, as outlined in the *County Budget Preparation and State Local Finance Officer Policy Manual*, requires counties to maintain records for general fixed assets which fall into any of the following three categories (1) Real Estate, (2) Motor vehicles (including road equipment), (3) Any other fixed assets that meet the useful life criteria. Adequate fixed asset records provide the information necessary to: (1) Report the cost or other basis of valuation, (2) Determine the accuracy of insurance coverage (3) Maintain control of county property, (4) Long range planning for property replacement. An annual physical inventory of property and equipment shall be conducted on or before June 30. Physical counts must be compared to the master asset inventory listing. Resulting differences must be reconciled, explained, and documented.

**MARHALL COUNTY  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended June 30, 2018  
(Continued)**

FINANCIAL STATEMENT FINDINGS (Continued)

**2018-003 Weak Internal Controls Over Capital Assets Resulted In The Omission Of Capital Asset Additions From The County's Schedule Of Capital Assets (Continued)**

In order to strengthen the county's internal controls over capital assets, we recommend the county establish a detailed inventory system. This system should include a detailed description of each county asset, an inventory control number or serial number, the date acquired, purchase price, location, date destroyed or sold as surplus, and a brief description of why the asset was discarded. The inventory of county assets should be updated throughout the year as new assets are acquired or old assets are retired and compared to inventory on file with the insurance company. We also recommend the county conduct a physical inspection of the county's assets at the end of each year to make comparisons to the county's list of inventoried assets and insurance listings.

**Views of Responsible Official and Planned Corrective Action:** *This is a repeat comment on the FY 18 Audit. We have already began to follow the recommendation of the auditors. We have implemented Asset Tiger and began using it in FY 18 to establish a detailed inventory system. We have continued to build within this management program and have made great strides in our county asset management plan.*

**2018-004 The Fiscal Court Did Not Fix Reasonable Compensation For All Employees In Accordance With KRS 64.530**

This is a repeat finding and was included in the prior year report as finding 2017-004. During our test of payroll, we noted that the Building Inspector received a paycheck only a couple of times a year for the inspections he does for Fiscal Court. He does not turn in a timecard for the work he does, but is paid on a commission basis. He is not enrolled in the County Employee Retirement System. According to his contract approved by Fiscal Court on Nov. 5, 2013, retroactive to July 1, 2013, he shall receive 80% of the receipts collected for the inspections. In 2017, his W-2 showed compensation of \$114,977, which makes him the highest paid employee of Fiscal Court.

There was a subsequent contract, signed on May 8, 2015, which states "Electrical inspector shall be compensated solely by the electrical contractor of the owner of the property being inspected or the person firm or corporation installing any new electrical work. The court shall in no way compensate electrical inspector for electrical inspection services and neither shall county be responsible for the collection of any unpaid electrical inspection fees." If the intent of this agreement was for the electrical inspector to be paid directly by the contractor, then this should be investigated further. All inspection fees should be deposited into the Fiscal Court bank account for the Building Inspection Fund.

Fiscal Court is in violation of KRS 64.530 because the salary of the building inspector is not fixed. Because he does not record his time on a timesheet there is no way of knowing if he works enough hours to qualify for the County Employee Retirement System. The compensation for the building inspector appears to be excessive and unreasonable.

We recommend that the building inspector's compensation should be further investigated. All inspection fees should be deposited into the Fiscal Court bank account for the Building Inspection Fund and the building inspector's compensation should be fixed in accordance with KRS 64.530.

**Views of Responsible Official and Planned Corrective Action:** *The fiscal court has a contract with this employee. He is paid per that contract. More research on this subject is being conducted by our offices and we hope to resolve this finding before FY 2020 audit.*

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

FINANCIAL STATEMENT FINDINGS (Continued)

**2018-005 The Marshall County Detention Center Has A Lack Of Segregation Of Duties Over Jail Commissary Operations**

This is a repeat finding and was included in the prior year report as finding 2017-005. The Marshall County Detention Center lacks adequate segregation of duties over the jail commissary operations. Due to a limited number of staff and the diversity of operations, the bookkeeper is required to perform multiple tasks such as posting to the receipts and disbursements ledgers, preparing bank deposits, preparing bank reconciliations, and preparing financial reports.

The lack of segregation of duties creates a need for additional personnel or compensating controls in order to confirm a creation of a daily checkout sheet, deposit of funds daily, review of receipts and disbursements ledgers, and review of bank reconciliations and financial reports.

Segregation of duties over these tasks, or the implementation of compensating controls when limited by staff, is essential for providing protection from asset misappropriation and helping prevent inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately prevent the misappropriation of assets, we recommend the Jailer separate the duties of collecting receipts, deposit preparation, bank reconciliations and other accounting functions. If these duties cannot be separated due to limited staff, then strong oversight should be provided to employee or employees responsible for these duties.

**Views of Responsible Official and Planned Corrective Action:** *Due to a limited number of staff and the diversity of operations the bookkeeper is required to perform multiple task. Some of these duties cannot be separated due to limited staff, therefor we have implemented strong oversight of the employee or employees responsible for these duties*

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

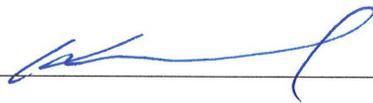
**MARSHALL COUNTY FISCAL COURT**

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

CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
MARSHALL COUNTY FISCAL COURT

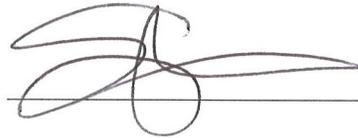
For The Fiscal Year Ended June 30, 2018

The Marshall 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.



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County Judge/Executive



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County Treasurer