

B.3 Most Recent Fiscal Year Audit



**CAMPBELL COUNTY FISCAL COURT – HOUSING CHOICE VOUCHER
PROGRAM**

Basic Financial Statements

Year Ended June 30, 2019

With Independent Auditors' Report



CLARK SCHAEFER HACKETT
CPAs & ADVISORS

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To the Judge Executive and Commissioners
Campbell County Fiscal Court
Housing Choice Voucher Program:

Report on the Financial Statements

We have audited the accompanying financial statements of the Campbell County Fiscal Court Housing Choice Voucher Program (the "Program"), a special revenue fund of the Campbell County Fiscal Court as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Campbell County Fiscal Court Housing Choice Voucher Program as of June 30, 2019, and the changes in financial position thereof and its budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the basic financial statements, the financial statements present only the Program and do not purport to, and do not present fairly the financial position of the Campbell County Fiscal Court as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Program's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the financial data schedules, as required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the financial data schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 basic financial statements or to the basic financial statement 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 and the financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of the Program'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 solely 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 effectiveness of the Program's 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 Program's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 19, 2019

**HOUSING CHOICE VOUCHER PROGRAM
A SPECIAL REVENUE FUND OF CAMPBELL COUNTY, KENTUCKY FISCAL COURT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED**

As management of the Housing Choice Voucher Program of Campbell County, Kentucky Fiscal Court (Program), we offer readers of the Program's financial statements this narrative overview and analysis of the Program's financial performance during the fiscal year ended June 30, 2019. Please read this analysis in conjunction with the Program's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

The excess of revenues over expenditures for the Housing Choice Voucher Program was \$81,933 for the fiscal year ended June 30, 2019. This compares to the deficiency of revenues under expenditures of (\$106,909) for the fiscal year 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Housing Choice Voucher Program's financial statements, which is comprised of the Balance Sheet, the Statement of Revenues, Expenditures and Changes in Fund Balance, the Statement of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) and the notes to the financial statements.

The financial statements contained within this report include the Campbell County Fiscal Court's Housing Choice Voucher Program Special Revenue Fund only. Readers desiring to view Campbell County Fiscal Court's entity-wide financial statements, as well as the impact that the Program has on the Fiscal Court's overall financial position and operating results, should refer to the Fiscal Court's Basic Financial Statements for the year ended June 30, 2019. The Program is reported as a special revenue governmental fund and is considered a major fund for purposes of individual fund reporting.

The Balance Sheet presents information on all of the Program's assets and liabilities, with the difference between the two reported as fund balance. Over time, increases and decreases in fund balance may serve as a useful indicator of whether the financial position of the Program is improving or deteriorating. Fund Balance increases when revenues exceed expenditures.

The Statement of Revenues, Expenditures and Changes in Fund Balance presents information showing how the Program's fund balance changed during the fiscal year.

The Statement of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) compares current year results to the budget.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS

The Housing Choice Voucher Program's assets exceeded liabilities by \$205,717 at the close of the most recent fiscal year. This represents an increase in fund balance of \$81,933 or 66% from the previous fiscal year. Primarily this increase can be attributed to increased payments from the Department of Housing and Urban Development (HUD) due to higher utilization rates in the current fiscal year that will subsequently be paid out in the next fiscal year.

Program Fund Balance

	June 30,	
	2019	2018
Assets		
Current and other assets	\$ 217,828	\$ 130,880
Total Assets	<u>217,828</u>	<u>130,880</u>
Liabilities		
Current liabilities	<u>12,111</u>	<u>7,096</u>
Fund Balance		
Restricted	<u>205,717</u>	<u>123,784</u>
Total Fund Balance	<u>\$ 205,717</u>	<u>\$ 123,784</u>

Change in Program Fund Balance

	June 30,	
	2019	2018
Revenue		
HCVP Revenue	\$ 4,721,795	\$4,425,642
Other Revenues	<u>9,090</u>	<u>2,654</u>
Total Revenues	<u>4,730,885</u>	<u>4,428,296</u>
Expenditures	<u>4,648,952</u>	<u>4,535,205</u>
Change in Fund Balance	81,933	(106,909)
Fund Balance - Beginning of Year	<u>123,784</u>	<u>230,693</u>
Fund Balance - End of Year	<u>\$ 205,717</u>	<u>\$ 123,784</u>

Operating revenues from HUD are comprised primarily of two components: voucher funding and administrative fee funding.

Voucher funding, which is restricted for payments of rent and utilities on behalf of tenants, was \$4,279,617 in 2019, an increase of \$272,243 (6.8%) from the 2018 funding of \$4,007,374.

Beginning in January 2012 HUD implemented new cash management procedures for disbursement of HUD Housing Assistance Payments (HAP) funds provided to Housing Choice Voucher (HCV) programs. Now HAP funds are distributed based on the most recent HAP expenses reported monthly in HUD's Voucher Management System taking into consideration any carryover fund balance of the housing authority. HUD renewal funding for Calendar year 2018 and Calendar year 2019 were \$4,166,342 and \$4,306,216, respectively. Unused HAP dollars are held in HUD reserves and are available to HCV programs as their leasing levels increase to the maximum vouchers allowed.

Administrative fees, available to pay the direct costs of issuing vouchers and administering the program, are based on the number of vouchers under lease on the first day of each month. In recent years HUD has underfunded the Housing Choice Voucher Program administrative fees. Administrative fees for calendar year 2019 fees have been prorated at 79.569% of eligible funding, which is slightly lower than the final calendar year 2018 funding proration rate of 80.615%. The final calendar year 2017 proration rate was 77.988%. Administrative fees received in fiscal year 2019 were \$441,171, an increase of \$23,829 from the \$417,342 received in 2018. Full funding of the administrative fees earned would have resulted in approximately \$110,000 of additional revenue in both 2019 and 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Choice Voucher Program's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director/Treasurer, Campbell County Fiscal Court, 1098 Monmouth Street, Newport, Kentucky 41071.

CAMPBELL COUNTY FISCAL COURT HOUSING CHOICE VOUCHER PROGRAM BALANCE SHEET - SPECIAL REVENUE FUND June 30, 2019

	<u>Special Revenue Fund</u>
ASSETS	
Cash and cash equivalents	\$ 217,828
TOTAL ASSETS	<u>\$ 217,828</u>
LIABILITIES	
Accrued salaries and benefits	\$ 5,928
Other liabilities	6,183
TOTAL LIABILITIES	<u>12,111</u>
FUND BALANCE	
Restricted	<u>205,717</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 217,828</u>

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

CAMPBELL COUNTY FISCAL COURT HOUSING CHOICE VOUCHER PROGRAM STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUND For the Year Ended June 30, 2019
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	<u>Special Revenue Fund</u>
REVENUE	
Housing Choice Voucher Program revenues	
Housing assistance payments	\$ 4,279,617
Administration fees	441,171
Other fees	1,007
Interest income	759
Other income	8,331
	<hr/>
TOTAL REVENUE	4,730,885
	<hr/>
EXPENDITURES	
Current:	
Housing assistance payments	4,265,351
Salaries	228,524
Employee benefits	58,960
Communications	2,860
Insurance and worker's compensation	7,600
Office supplies and postage	10,784
Operating expenses	48,449
Payroll taxes	16,693
Professional fees	8,500
Travel and meetings	1,231
	<hr/>
TOTAL EXPENDITURES	4,648,952
	<hr/>
CHANGE IN FUND BALANCE	81,933
FUND BALANCE	
BEGINNING OF YEAR	<hr/> 123,784
END OF YEAR	<hr/> \$ 205,717 <hr/>

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

<p>CAMPBELL COUNTY FISCAL COURT HOUSING CHOICE VOUCHER PROGRAM STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND For the Year Ended June 30, 2019</p>

REVENUE	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Housing Choice Voucher Program revenues			
Housing assistance payments	\$ 4,166,342	\$ 4,279,617	\$ 113,275
Administration fees	428,305	441,171	12,866
Other fees	-	1,007	1,007
Interest income	150	759	609
Other income	2,724	8,331	5,607
TOTAL REVENUE	<u>4,597,521</u>	<u>4,730,885</u>	<u>133,364</u>
EXPENDITURES			
Housing assistance payments	4,264,692	4,265,351	(659)
Salaries	223,950	228,524	(4,574)
Employee benefits	59,350	58,960	390
Communications	2,893	2,860	33
Insurance and worker's compensation	7,700	7,600	100
Office supplies and postage	11,137	10,784	353
Operating expenses	52,499	48,449	4,050
Payroll taxes	17,200	16,693	507
Professional fees	8,500	8,500	-
Travel and meetings	1,600	1,231	369
TOTAL EXPENDITURES PER BUDGET BASIS	<u>4,649,521</u>	<u>4,648,952</u>	<u>569</u>
CHANGE IN FUND BALANCE	(52,000)	81,933	133,933
FUND BALANCE BEGINNING OF YEAR	<u>123,784</u>	<u>123,784</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u>\$ 71,784</u>	<u>\$ 205,717</u>	<u>\$ 133,933</u>

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

<p>CAMPBELL COUNTY FISCAL COURT HOUSING CHOICE VOUCHER PROGRAM NOTES TO FINANCIAL STATEMENTS June 30, 2019</p>
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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Housing Choice Voucher Program (Program) is a Special Revenue Fund of the Campbell County Fiscal Court and is operated by the Fiscal Court's Housing Department. The Program provides rental assistance to persons of low income who, for the most part, are residents of Campbell County, Kentucky. Funds to operate the Program are obtained principally from the U.S. Department of Housing and Urban Development (HUD).

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements are prepared in accordance with requirements for governmental funds. Significant accounting policies are described below.

Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (60 days) to pay liabilities of the current period. Only current assets and current liabilities are generally included on the balance sheet.

The Program uses a Special Revenue fund to report on financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Budget

The budget is prepared on the modified accrual basis. The budget is approved and legally adopted by the Campbell County Fiscal Court.

Cash and Cash Equivalents

Cash includes amounts in bank accounts and cash equivalents include all short-term investments with an original maturity of three months or less.

Allowance for Doubtful Accounts

When the Program pursues a tenant for repayment of housing assistance payments (HAP), usually from under-reporting of tenant income, these repayments are referred to as fraud recoveries. As long as the tenant has signed a repayment agreement or has a legal judgment, the Program can retain 50% of monies collected as administrative fee income. At June 30, 2019, the tenant accounts receivable balance is \$4,578 with an allowance for doubtful accounts of \$4,578.

**CAMPBELL COUNTY FISCAL COURT
HOUSING CHOICE VOUCHER PROGRAM
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

Compensated Absences

It is the government's policy to permit employees to accrue earned but unused vacation throughout the calendar year. Since this liability must be paid within the calendar year, a liability of \$1,505 is recorded for these amounts.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

Fund Equity

The Program reports residual balances of HUD housing assistance payments, tenant paybacks, and interest allocations relating to these funds as a *restricted* fund balance under GASB 54, which indicates an amount that can be spent only for specific purposes as stipulated *externally* by HUD. This amount can only be changed or lifted by the *external* resource providers.

Grant Support

The Program recognizes grant funds from HUD as support on a straight-line basis over the grant period. In accordance with HUD policies, the program may use unspent funds in future periods as long as expenses incurred are in compliance with the specified terms of the HUD grant. HUD may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the program with the terms of the grant. In addition, if the program was terminated, all unexpended funds are to be returned to HUD, except any amount in the administrative operating reserve which reverts to the County.

NOTE B – DEPOSITS

The Program maintained deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2019 the carrying amount of the cash and cash equivalent balance was \$217,828. As allowed by law, the depository bank has pledged securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2019, the bank balance was fully insured by FDIC.

<p>CAMPBELL COUNTY FISCAL COURT HOUSING CHOICE VOUCHER PROGRAM NOTES TO FINANCIAL STATEMENTS June 30, 2019</p>

NOTE C – RETIREMENT PLAN

Kentucky Employees Retirement System (KERS)

Campbell County Fiscal Court employees, including Program employees, who work at least 100 hours per month participate in the Kentucky County Employees Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues separate financial statements which may be obtained by request from Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601.

Plan Description - CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each county and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of the state legislature.

Non-hazardous Contributions - For the year ended June 30, 2019, plan members were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2018, participating employers contributed 19.18% of each employee’s creditable compensation. The actuarially determined rate set by the Board for the year ended June 30, 2019 was 21.48% of creditable compensation. The required contribution and the actual percentage contributed for the Program for the current and previous four years is as follows:

<u>Year</u>	<u>Contribution</u>	<u>Percent Contributed</u>
2019	\$ 40,798	100%
2018	36,653	100%
2017	41,486	100%
2016	36,116	100%
2015	49,638	100%

NOTE D – OPERATING LEASE

In June 2006, the Program executed an operating lease agreement for office space in a building owned by the Campbell County Fiscal Court. This is a year to year lease. The Fiscal Court did not charge rent payments during the year ended June 30, 2019.

CAMPBELL COUNTY FISCAL COURT HOUSING CHOICE VOUCHER PROGRAM NOTES TO FINANCIAL STATEMENTS June 30, 2019
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NOTE E – CLAIMS AND JUDGMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Program expects such amounts, if any, to be immaterial.

NOTE F – CONCENTRATIONS

The Program's operations are concentrated in the low income rental market. In addition, the Program operates in a heavily regulated environment. The operation of the Program is subject to the administrative directives, rules and regulations of federal, state and local authorities, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. The majority of revenue is received from annual grants from HUD. For the year ended June 30, 2019, grants from HUD made up 99.8% of the total revenue received.

NOTE G – RISK MANAGEMENT

The Program is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Program is covered by Campbell County Fiscal Court's commercial general liability insurance against these risks and all other risks of loss, including worker's compensation and employee health insurance and accident insurance.

Campbell County Fiscal Court
Housing Choice Voucher Program
Financial Data Schedule - Balance Sheet Summary
June 30, 2019

	14,871 Housing Choice Vouchers	Total
111 Cash - Unrestricted		
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted	\$217,828	\$217,828
114 Cash - Tenant Security Deposits		
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0
100 Total Cash	\$217,828	\$217,828
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects		
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous		
126 Accounts Receivable - Tenants		
126.1 Allowance for Doubtful Accounts - Tenants		
126.2 Allowance for Doubtful Accounts - Other		
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		
128.1 Allowance for Doubtful Accounts - Fraud	\$4,578	\$4,578
129 Accrued Interest Receivable	-\$4,578	-\$4,578
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets		
143 Inventories		
143.1 Allowance for Obsolete Inventories		
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$217,828	\$217,828
161 Land		
162 Buildings		
163 Furniture, Equipment & Machinery - Dwellings		
164 Furniture, Equipment & Machinery - Administration		
165 Leasehold Improvements		
166 Accumulated Depreciation		
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0

Campbell County Fiscal Court
Housing Choice Voucher Program
Financial Data Schedule - Balance Sheet Summary (continued)
June 30, 2019

171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past		
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$0	\$0
200 Deferred Outflow of Resources		
290 Total Assets and Deferred Outflow of Resources	\$217,828	\$217,828
311 Bank Overdraft		
312 Accounts Payable <= 90 Days		
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable	\$5,928	\$5,928
322 Accrued Compensated Absences - Current Portion	\$6,183	\$6,183
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		
341 Tenant Security Deposits		
342 Unearned Revenue		
343 Current Portion of Long-term Debt - Capital		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other		
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$12,111	\$12,111
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other		
354 Accrued Compensated Absences - Non Current		
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities		
350 Total Non-Current Liabilities	\$0	\$0
300 Total Liabilities	\$12,111	\$12,111
400 Deferred Inflow of Resources		
508.3 Nonspendable Fund Balance		
509.3 Restricted Fund Balance	\$205,717	\$205,717
510.3 Committed Fund Balance		
511.3 Assigned Fund Balance		
512.3 Unassigned Fund Balance		
513 Total Equity - Net Assets / Position	\$205,717	\$205,717
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$217,828	\$217,828

Campbell County Fiscal Court
Housing Choice Voucher Program
Financial Data Schedule - Revenue and Expense Summary
Year Ended June 30, 2019

	14,871 Housing Choice Vouchers	Total
70300 Net Tenant Rental Revenue		
70400 Tenant Revenue - Other		
70500 Total Tenant Revenue	\$0	\$0
70600 HUD PHA Operating Grants	\$4,720,788	\$4,720,788
70610 Capital Grants		
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees		
70700 Total Fee Revenue		
70800 Other Government Grants		
71100 Investment Income - Unrestricted	\$759	\$759
71200 Mortgage Interest Income		
71300 Proceeds from Disposition of Assets Held for Sale		
71310 Cost of Sale of Assets		
71400 Fraud Recovery	\$8,331	\$8,331
71500 Other Revenue	\$1,007	\$1,007
71600 Gain or Loss on Sale of Capital Assets		
72000 Investment Income - Restricted		
70000 Total Revenue	\$4,730,885	\$4,730,885
91100 Administrative Salaries	\$228,524	\$228,524
91200 Auditing Fees	\$8,500	\$8,500
91300 Management Fee		
91310 Book-keeping Fee		
91400 Advertising and Marketing		
91500 Employee Benefit contributions - Administrative	\$75,653	\$75,653
91600 Office Expenses	\$10,784	\$10,784
91700 Legal Expense		
91800 Travel	\$1,231	\$1,231
91810 Allocated Overhead		
91900 Other	\$46,781	\$46,781
91000 Total Operating - Administrative	\$371,473	\$371,473
92000 Asset Management Fee		
92100 Tenant Services - Salaries		
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other		
92500 Total Tenant Services	\$0	\$0
93100 Water		
93200 Electricity		
93300 Gas		
93400 Fuel		
93500 Labor		
93600 Sewer		
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		
93000 Total Utilities	\$0	\$0

Campbell County Fiscal Court
Housing Choice Voucher Program
Financial Data Schedule - Revenue and Expense Summary (continued)
Year Ended June 30, 2019

94100 Ordinary Maintenance and Operations - Labor		
94200 Ordinary Maintenance and Operations - Materials and	\$1,551	\$1,551
94300 Ordinary Maintenance and Operations Contracts	\$117	\$117
94500 Employee Benefit Contributions - Ordinary Maintenance		
94000 Total Maintenance	\$1,668	\$1,668
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs		
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$0	\$0
96110 Property Insurance		
96120 Liability Insurance	\$4,400	\$4,400
96130 Workmen's Compensation	\$3,200	\$3,200
96140 All Other Insurance		
96100 Total Insurance Premiums	\$7,600	\$7,600
96200 Other General Expenses	\$2,860	\$2,860
96210 Compensated Absences		
96300 Payments in Lieu of Taxes		
96400 Bad debt - Tenant Rents		
96500 Bad debt - Mortgages		
96600 Bad debt - Other		
96800 Severance Expense		
96000 Total Other General Expenses	\$2,860	\$2,860
96710 Interest of Mortgage (or Bonds) Payable		
96720 Interest on Notes Payable (Short and Long Term)		
96730 Amortization of Bond Issue Costs		
96700 Total Interest Expense and Amortization Cost	\$0	\$0
96900 Total Operating Expenses	\$383,601	\$383,601
97000 Excess of Operating Revenue over Operating Expenses	\$4,347,284	\$4,347,284
97100 Extraordinary Maintenance		
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments	\$4,265,351	\$4,265,351
97350 HAP Portability-In		
97400 Depreciation Expense		
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds	\$0	\$0
97700 Debt Principal Payment - Governmental Funds	\$0	\$0
97800 Dwelling Units Rent Expense		
90000 Total Expenses	\$4,646,952	\$4,646,952

Campbell County Fiscal Court
Housing Choice Voucher Program
Financial Data Schedule - Revenue and Expense Summary (continued)
Year Ended June 30, 2019

10010 Operating Transfer In		
10020 Operating transfer Out		
10030 Operating Transfers from/to Primary Government		
10040 Operating Transfers from/to Component Unit		
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss		
10080 Special Items (Net Gain/Loss)		
10091 Inter Project Excess Cash Transfer In		
10092 Inter Project Excess Cash Transfer Out		
10093 Transfers between Program and Project - In		
10094 Transfers between Project and Program - Out		
10100 Total Other financing Sources (Uses)	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$81,933	\$81,933
11020 Required Annual Debt Principal Payments	\$0	\$0
11030 Beginning Equity	\$123,784	\$123,784
11040 Prior Period Adjustments, Equity Transfers and Correction		
11050 Changes in Compensated Absence Balance	\$0	\$0
11060 Changes in Contingent Liability Balance	\$0	\$0
11070 Changes in Unrecognized Pension Transition Liability	\$0	\$0
11080 Changes in Special Term/Severance Benefits Liability	\$0	\$0
11090 Changes in Allowance for Doubtful Accounts - Dwelling	\$0	\$0
11100 Changes in Allowance for Doubtful Accounts - Other	\$0	\$0
11170 Administrative Fee Equity	\$125,158	\$125,158
11180 Housing Assistance Payments Equity	\$80,559	\$80,559
11190 Unit Months Available	9336	9336
11210 Number of Unit Months Leased	7856	7856
11270 Excess Cash		
11610 Land Purchases		
11620 Building Purchases		
11630 Furniture & Equipment - Dwelling Purchases		
11640 Furniture & Equipment - Administrative Purchases		
11650 Leasehold Improvements Purchases		
11680 Infrastructure Purchases		
13510 CFFP Debt Service Payments		
13901 Replacement Housing Factor Funds		

CAMPBELL COUNTY FISCAL COURT HOUSING CHOICE VOUCHER PROGRAM
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2019

<u>Federal Grantor/Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	KY136	14.871	\$ <u>4,648,952</u>
Total U.S. Department of Housing and Urban Development			<u>4,648,952</u>
Total Federal Expenditures			\$ <u>4,648,952</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Campbell County Fiscal Court Housing Choice Voucher Program (the "Program") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the program, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Program.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are report on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Program has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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****INDEPENDENT AUDITORS' REPORT**

To the Judge Executive and Commissioners
Campbell County Fiscal Court
Housing Choice Voucher Program:

We have audited, in accordance with the 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 financial statements of the Campbell County Fiscal Court Housing Choice Voucher Program (the "Program") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program'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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

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. 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 19, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE****INDEPENDENT AUDITORS' REPORT**

To the Judge Executive and Commissioners
Campbell County Fiscal Court
Housing Choice Voucher Program:

Report on Compliance for Each Major Federal Program

We have audited Campbell County Fiscal Court Housing Choice Voucher Program's (the "Program") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Program's major federal programs for the year ended June 30, 2019. The Program's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 19, 2019

CAMPBELL COUNTY FISCAL COURT HOUSING CHOICE VOUCHER PROGRAM
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? no

Identification of major programs:

*Housing Voucher Cluster:
 CFDA 14.871 – Section 8 Housing Choice Vouchers*

Dollar threshold to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None

