

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

**For The Fiscal Year Ended
June 30, 2008**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

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

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CAMPBELL COUNTY FISCAL COURT

JUNE 30, 2008

We have issued unqualified opinions on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Campbell County, Kentucky. In accordance with OMB Circular A-133, we have issued an unqualified opinion on the compliance requirements that are applicable to Campbell County's major federal program, U.S. Department of Housing and Urban Development Housing Choice Voucher Program, for the year ended June 30, 2008.

Financial Condition:

The fiscal court had total net assets of \$38,513,717 at June 30, 2008. The fiscal court had unrestricted net assets of \$13,667,426 in its governmental activities as of June 30, 2008 with total net assets of \$37,182,536. In its business-type activities, total net cash and cash equivalents were \$131,922 with total net assets of \$1,331,181. The fiscal court had total debt principal as of June 30, 2008 of \$16,057,811 with \$1,232,288 due within the next year.

Report Comment:

- Several Instances Were Noted In Which A Tenant Qualified For HUD Assistance But They Were Not Included On The Request For Payment Form By The Project Which Is Submitted To HUD Monthly To Obtain Reimbursement For Those Who Qualify

Deposits:

The fiscal court deposits were insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
CAMPBELL COUNTY OFFICIALS	4
MANAGEMENT’S DISCUSSION AND ANALYSIS	5
STATEMENT OF NET ASSETS	17
STATEMENT OF ACTIVITIES.....	20
BALANCE SHEET - GOVERNMENTAL FUNDS	24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	28
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	33
STATEMENT OF NET ASSETS - PROPRIETARY FUND	37
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUND	41
STATEMENT OF CASH FLOWS - PROPRIETARY FUND.....	45
STATEMENT OF FIDUCIARY FUND NET ASSETS.....	49
NOTES TO FINANCIAL STATEMENTS.....	51
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS	77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	82
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS.....	87
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS.....	90
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS	95
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	99
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	100
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.....	103
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	107
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	111
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
 Honorable Steven L. Beshear, Governor
 Jonathan Miller, Secretary
 Finance and Administration Cabinet
 Honorable Steve Pendery, Campbell County Judge/Executive
 Members of the Campbell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbell County, Kentucky, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Campbell County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of some entities that collectively comprise Campbell County Fiscal Court. Those financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those component units and funds is based upon the reports of other auditors. Those entities were:

Certain portions of the Governmental Funds including:

- Major Special Revenue Fund-Campbell County, Kentucky Fiscal Court Housing Department Housing Choice Voucher Program.
- Major Debt Service Fund-Campbell County Public Properties Corporation.

Certain portions of the Proprietary Funds including:

- Major Proprietary Fund-Lakeside Terrace Apartments HUD Project No. 083-44012-236
- Major Proprietary Fund-A.J. Jolly Park

Those financial statements reflect total assets and revenues of the government-wide financial statements and total assets and revenues or additions of the fund financial statements as follows:

Government-Wide Financial Statements	Percent of Assets	Percent of Revenues
Primary Government-Governmental Activities	4.21%	13.08%
Primary Government-Business-Type Activities	97.04%	89.01%
 Fund Financial Statements		
Governmental Funds-Major Funds	4.61%	12.94%
Proprietary Funds-Major Funds	97.04%	89.01%



To the People of Kentucky
Honorable Steven L Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Steve Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbell County, Kentucky, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Campbell County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. The combining fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation of the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2009, on our consideration of Campbell County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

To the People of Kentucky
Honorable Steven L Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Steve Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court

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

- Several Instances Were Noted In Which A Tenant Qualified For HUD Assistance But They Were Not Included On The Request For Payment Form By The Project Which Is Submitted To HUD Monthly To Obtain Reimbursement For Those Who Qualify

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

September 22, 2009

CAMPBELL COUNTY OFFICIALS

For The Year Ended June 30, 2008

Fiscal Court Members:

Steve Pendery	County Judge/Executive
David E. Otto	Commissioner
Kenneth L. Rehtin	Commissioner
Mark T. Hayden	Commissioner

Other Elected Officials:

Justin Verst	County Attorney
Greg Buckler	Jailer
Jack Snodgrass	County Clerk
Thomas Calme	Circuit Court Clerk
John Dunn	Sheriff
Daniel Braun	Property Valuation Administrator
Mark Schweitzer	Coroner

Appointed Personnel:

Diane E. Bertke	County Treasurer
Linda Eads	Occupational Tax Collector
James Seibert	Finance Officer

Campbell County
Management's Discussion and Analysis
June 30, 2008

The financial management of Campbell County, Kentucky offers readers of Campbell County's financial statements this narrative overview and analysis of the financial activities of Campbell County for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with other information that we may have furnished in our letter of transmission and the notes to the financial statements.

Financial Highlights

- Campbell County had net assets of \$38,513,717 as of June 30, 2008. The fiscal court had unrestricted net assets of \$13,667,426 in its governmental activities as of June 30, 2008. In its business-type activities, cash and cash equivalents were \$131,922 with total net assets of \$1,331,181. Total debt principal as of June 30, 2008 was \$16,057,812 with \$1,232,288 due within one year.
- The government's total net assets increased by \$825,747 from the prior year. Total expenses for the current fiscal year were slightly lower while total revenues increased somewhat. A sale of property accounted for \$206,352 in revenue during the year.
- At the close of the current fiscal year, Campbell County's balance sheet for Governmental Funds reported a fund balance of \$13,391,084. Of this amount, \$12,363,331 is available for spending at the government's discretion (unreserved fund balance).
- Campbell County's total indebtedness at the close of fiscal year on June 30, 2008 was \$16,057,812 of which \$14,825,524 is long-term debt (due after 1 year) and \$1,232,288 is short-term debt (to be paid within 1 year). There were no debt additions and debt reductions were \$1,534,535. Campbell County had capital project expenditures amounting to \$550,835 during the year.

**Campbell County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to Campbell County's basic financial statements. Campbell County's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GASB 34 requires management to include certain comparison schedules when they are available. These schedules include prior and current comparisons of general revenues by major source, and program expenses by function.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Campbell County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of Campbell County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Campbell County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on the accrual basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Campbell County's governmental activities include general governmental, protection to persons and property, roads, recreation, social services, health and sanitation, and bus services. The County has several business type activities: A.J. Jolly Park, Lakeside Terrace Apartments and the Jail Canteen.

The government-wide financial statements include not only Campbell County itself (known as the primary government), but also legally separate entities, which have a significant operational or financial relationship with the County. Campbell County has four such entities: A.J. Jolly Park, Lakeside Terrace Apartments, the Housing Choice Voucher Program and the Campbell County Public Properties Corporation. These are known as blended component units.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Campbell County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Campbell County can be divided into three broad categories: *governmental funds, proprietary funds, and fiduciary funds*.

**Campbell County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Fund Financial Statements (Continued)

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Campbell County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balances for the General, Road, Jail, (TANK)Payroll Tax, General Obligation Bond/Construction Fund, the Housing Choice Voucher Program and the Debt Service Public Properties Corporation funds, all of which are considered major funds by the County. The Local Government Economic Assistance, Senior Citizens Tax, Mental Health Tax, Developer Road Escrow, and Federal CDBG Fund are considered non-major funds and are represented in a combined form.

Campbell County adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the general fund and each major special revenue fund to demonstrate compliance with their budgets.

Proprietary Funds. Proprietary funds provide the same type of information as the business-type activities column on the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Lakeside Terrace Apartments, A.J. Jolly Park, and Jail Canteen Funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

**Campbell County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Government-wide Financial Analysis (Continued)

**Table 1
Campbell County's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2008	2007 (Restated)	2008	2007	2008	2007
Assets						
Current assets	\$ 14,317,211	\$ 17,287,505	\$ 152,023	\$ 264,687	\$ 14,469,234	\$ 17,552,192
Capital assets	39,090,110	36,998,842	1,538,380	1,472,779	40,628,490	38,471,621
Other assets	574,726	668,066	215,527	208,358	790,253	876,424
Total assets	53,982,047	54,954,413	1,905,930	1,945,824	55,887,977	56,900,237
Liabilities						
Current and other liabilities	1,963,330	2,658,048	304,957	285,884	2,268,287	2,943,932
Long-term liabilities	14,836,181	15,957,646	269,792	310,689	15,105,973	16,268,335
Total liabilities	16,799,511	18,615,694	574,749	596,573	17,374,260	19,212,267
Net Assets						
Invested in capital assets, net of related debt	23,822,633	23,737,069	1,159,972	1,075,741	24,982,605	24,812,810
Restricted			194,122	246,845	194,122	246,845
Unrestricted	13,359,903	12,601,650	(22,913)	26,665	13,336,990	12,628,315
Total net assets	\$ 37,182,536	\$ 36,338,719	\$ 1,331,181	\$ 1,349,251	\$ 38,513,717	\$ 37,687,970

Changes in Net Assets

Governmental Activities. Campbell County's net assets increased by \$843,817 in fiscal year 2008. Key elements of this are as follows:

- Current assets and cash decreased by \$2,970,294. This was primarily due to the use of cash to fund construction projects.
- Investment in capital assets, net of related debt increased by \$85,564. The majority of this increase related to the purchase of land and land improvements along with infrastructure improvements.
- Current and long-term liabilities decreased by \$1,816,183 as a result of debt payments.
- Revenues were \$31,996,956 as reflected in the Statement of Activities.
- Expenditures totaled \$31,153,139 as reflected in the Statement of Activities.

Business-type Activities. Campbell County's net assets for these activities decreased by \$18,070.

**Campbell County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

**Table 2
Campbell County Condensed Statement of Activities**

	2008	2007	2008	2007	2008	2007
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
Revenues:						
Program Revenues:						
Charges for Services	\$4,373,207	\$1,839,033	\$1,229,257	\$1,188,148	\$5,602,464	\$3,027,181
Operating Grants and Contributions	7,616,265	6,352,823			7,616,265	6,352,823
Capital Grants and Contributions	441,457	280,670			441,457	280,670
General Revenues:						
Property Taxes	6,178,715	5,714,368			6,178,715	5,714,368
Occupational Taxes	8,752,314	8,412,905			8,752,314	8,412,905
Other Taxes	2,513,156	2,727,156			2,513,156	2,727,156
Excess Fees	819,301	1,239,254			819,301	1,239,254
Other	1,302,541	1,923,278	28,518	181,605	1,331,059	2,104,883
Total Revenues	31,996,956	28,489,487	1,257,775	1,369,753	33,254,731	29,859,240
Expenses:						
Governmental Activities						
General Government	8,282,378	11,792,474			8,282,378	11,792,474
Protective Services	8,133,064	6,554,837			8,133,064	6,554,837
Health and Sanitation	1,104,840	1,146,820			1,104,840	1,146,820
Social Services	4,599,064	3,734,123			4,599,064	3,734,123
Recreation and Culture	516,610	523,710			516,610	523,710
Roads	2,426,405	2,286,682			2,426,405	2,286,682
Bus Service	4,470,482	461,433			4,470,482	461,433
Debt Service	1,069,461	998,068			1,069,461	998,068
Capital Projects	550,835				550,835	
Business Type Activities						
Jail Canteen			96,710	70,693	96,710	70,693
Lakeside Terrace Apts.			369,343	351,005	369,343	351,005
A.J. Jolly Park			809,792	720,034	809,792	720,034
Total Expenses	31,153,139	27,498,147	1,275,845	1,141,732	32,428,984	28,639,879
Change in net assets	843,817	991,340	(18,070)	228,021	825,747	1,219,361
Net Assets- Beginning	36,338,719	35,349,724	1,349,251	1,121,230	37,687,970	36,470,954
Restatement of Net Assets		(2,345)				(2,345)
Net Assets-Ending	\$37,182,536	\$36,338,719	\$1,331,181	\$1,349,251	\$38,513,717	\$37,687,970

**Campbell County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Financial Analysis of the County's Funds

As noted earlier, Campbell County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview. The focus of Campbell County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the June 30, 2008 fiscal year, the combined ending fund balance of County governmental funds was \$13,391,084. Approximately 92.3% (\$12,363,331) of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance (\$1,027,753) is reserved to indicate that it is not available for new spending because it is committed.

The County has 7 major governmental funds. These are: 1) General Fund; 2) Road Fund; 3) Jail Fund; 4) (TANK) Payroll Tax Fund; 5) Housing Choice Voucher Fund; 6) Public Properties Corporation and 7) General Obligation Bond/Construction Fund. There are five non-major funds. They are the Developers Road Escrow Fund, the Local Government Economic Assistance Fund, the Federal CDBG Fund, the Senior Citizen Tax Fund and the Mental Health Tax Fund.

1. The General Fund is the chief operating fund of Campbell County. At the end of the June 30, 2008 fiscal year the total fund balance of the General Fund was \$5,040,536, all of which was unreserved. During fiscal year 2008 there was a decrease of \$1,807,735 from the prior year-end general fund balance. The county received \$5,014,888 in Real Property tax revenues. This accounts for approximately 40% of the general fund revenue. \$3,676,983 was received from personal property, motor vehicle and insurance taxes which account for approximately 29.4% of the county's general fund revenues. Sheriff and Clerk fees accounted for \$819,301 or 6.6% of general fund revenues. Various other taxes, service fees and investment earnings make up the remaining 24% of revenues.
2. The Road Fund is the fund related to county road and bridge construction and maintenance. The Road Fund had \$553,509 in fund balance at June 30, 2008. The fund balance at the end of the previous year was \$168,646. The higher FY 2008 fund balance was due mainly to the timing of road expenditures. The fiscal year 2008 expenditures for road projects were \$1.2 million. State funding provided a total of \$945,670 in funding for road projects during the fiscal year. Transfers from the general fund provided nearly all of the remaining funding requirement.

**Campbell County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Financial Analysis of the County's Funds (Continued)

3. The Jail Fund is used to account for the operation of the County's detention program. The Jail Fund had a fund balance at June 30, 2008 of \$929,365, all of which was unreserved. That is an increase in fund balance of \$643,082 from the previous fiscal year-end. The Jail Fund received \$3,921,460 from the state and federal governments for services, primarily for housing prisoners. Transfers from other funds were used to cover a total of \$3,454,855 in jail expenses.
4. The (TANK) Payroll Tax Fund is used in part to provide funds for the operation of the regional transit system. As of June 30, 2008 the balance in this fund was \$5,890,544. This represented a decrease in the fund balance of \$47,862 from the previous year-end. This decrease in fund balance was due mainly to transfers made from the payroll fund to the general fund in order to meet the general funding needs of the County.
5. The Housing Choice Voucher Program ended the 2008 fiscal year with a fund balance of \$466,411. The previous year balance was \$193,044. The Program derives nearly all of its revenue from The Department of Housing and Urban Development (HUD).
6. The Public Properties Corporation Fund serves as a conduit for the financing of various County projects. Thus bonds and refunding bonds have been issued through this Corporation. The fund balance at the end of June 30, 2008 was \$164,591. The June 30, 2007 ending fund balance was \$497,180.
7. The General Obligation Bond/Construction Fund is used to account for the bonds issued in FY 2006 and for the related jail construction. On June 1, 2006 the County of Campbell, Kentucky General Obligation Public Project Bonds, Series 2006 were issued in the amount of \$13,150,000. The proceeds from this issue were for the addition to the county jail. At June 30, 2008 the balance in this fund was \$(651,917).
8. The total fund balance for the non-major funds as of June 30, 2008 was \$998,045. This represented a decrease over the prior year of \$ 44,938. Total expenditures for the non-major funds for the year were \$1,468,929. Revenue sources for the non-major funds include occupational license and payroll taxes designated for Senior Citizens and mental health programs in the County. The Senior Citizen program revenues for the year from this source amounted to \$416,812. Mental Health program revenues were \$833,539 for the year. A total of \$209,900 was transferred out of the Mental Health Fund to cover mental health expenditures made by other funds.

Proprietary Funds Overview. The County's proprietary fund statements provide the same type of information found in the business-type activities column of the government-wide statements, but in more detail.

Campbell County has three enterprise funds, the Lakeside Terrace Apartments, A.J. Jolly Park, and the Jail Canteen.

**Campbell County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Financial Analysis of the County's Funds (Continued)

1. Lakeside Terrace Apartments had net assets of \$496,217 as of June 30, 2008 with a cash balance of \$14,564. Most of the revenue for this fund is derived from tenant payments. During fiscal year 2008 these tenant payments for rent amounted to \$323,762. Federal payments into this fund for tenant assistance amounted to \$46,206.
2. A.J. Jolly Park net assets at June 30, 2008 amounted to \$784,694 with a cash balance of \$75,649. The majority of the Park's assets consisted of capital assets such as land and land improvements for the golf and general recreation facility. Net capital assets for Jolly amounted to \$751,236 at the fiscal year-end. Revenues for the golf course amounted to \$650,585 and were derived from user fees.
3. The Jail Canteen Fund had net assets of \$50,270 as of June 30, 2008 with a cash balance of \$41,709. Most of the revenue for this fund is derived from sales to County Jail inmates and the expenses are purchases of items for resale as well as the salary of the canteen clerk.

General Fund Budgetary Highlights.

The County's original budget was amended during the fiscal year increasing the operating budget. Budget amendments were made to the General to adjust for the receipt of various unanticipated revenues and related expenses.

Actual operating revenues were \$629,761 less than the amount originally budgeted by the Fiscal Court. This decrease was primarily due to lower tax revenues especially in the insurance premium tax category.

Actual operating expenditures were \$1,153,394 less than originally budgeted by the Fiscal Court. This was primarily due to less than anticipated cost in the general government, administrative and capital project categories.

Capital Assets and Debt Administration

Capital Assets. Campbell County's investment in capital assets for its government and business type activities as of June 30, 2008, amounted to \$40,628,490 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to land other than buildings, machinery and equipment, vehicles and infrastructure assets. The County has elected to report infrastructure assets per GASB 34 provisions.

**Campbell County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Capital Assets and Debt Administration (Continued)

Major capital asset events during the 2008 fiscal year included the purchase of property to be used as county park land, expenditures relating to the construction of a new county administration building, renovation expenses relating to the County's detention center, the purchase of five police cruisers, completion of an update of the County's Comprehensive Plan, renovation of restroom facilities at the A.J Jolly Park, replacement of computer hardware and software and replacement of other aging County equipment.

Additional information on the County's capital assets can be found in Note 4 of this report.

**Table 3
Campbell County's Capital Assets, Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Infrastructure Assets	\$ 13,593,221	\$ 14,332,892	\$	\$	\$ 13,593,221	\$ 14,332,892
Land	3,860,187	3,040,589	497,461	437,561	4,357,648	3,478,150
Buildings & Improvements	19,948,370	17,899,411	857,243	845,911	20,805,613	18,745,322
Other Equipment	794,800	897,564	183,676	189,307	978,476	1,086,871
Vehicles & Equipment	893,532	828,386			893,532	828,386
	<u>\$ 39,090,110</u>	<u>\$ 36,998,842</u>	<u>\$ 1,538,380</u>	<u>\$ 1,472,779</u>	<u>\$ 40,628,490</u>	<u>\$ 38,471,621</u>

Long-Term Debt. At the end of the 2008 fiscal year, Campbell County had total long-term debt outstanding of \$16,057,812. The amount of this debt due within the next year is \$1,232,288 and \$14,825,524 is due in subsequent years. This debt is for the district and circuit court facilities, jail and park facilities and equipment and emergency dispatch center equipment. This debt is described in note 7 of the notes to the financial statements.

Other matters

The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2009 fiscal year budget:

- The 2009 fiscal year Adopted Budget continues most services at current levels with the exception for which federal or state funding is decreasing or for projects which have been completed or are nearing completion.

**Campbell County
Management's Discussion and Analysis
June 30, 2008
(Continued)**

Other Matters (Continued)

- The increasing cost of housing prisoners in the Campbell County Detention Center continues to be a drain on the overall budget. The County is considering a number of measures to address this problem, which is common to county governments throughout the state.

Requests For Information

This financial report is designed to provide a general overview of Campbell County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to James D. Seibert, Fiscal Director, Campbell County Fiscal Court, 24 West 4th St., Newport, KY 41071.

**CAMPBELL COUNTY
STATEMENT OF NET ASSETS**

June 30, 2008

**CAMPBELL COUNTY
STATEMENT OF NET ASSETS**

June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 9,680,438	\$ 131,922	\$ 9,812,360
Accounts Receivable	4,469,843	14,790	4,484,633
Prepaid Expenses		5,311	5,311
Notes/Capital Lease Receivable			
Due Within One Year	77,797		77,797
Internal Balances	89,133	(89,133)	
Total Current Assets	<u>14,317,211</u>	<u>62,890</u>	<u>14,380,101</u>
Noncurrent Assets:			
Notes/Capital Lease Receivable			
Due After One Year	304,023		304,023
Bond Issuance Costs, Net	96,064		96,064
Discount on Bond, Net	174,639		174,639
Tenant Deposits Held in Trust		21,405	21,405
Escrow Deposits		21,625	21,625
Residual Receipts		9,251	9,251
Replacement Reserve		163,246	163,246
Capital Assets - Net of Accumulated Depreciation			
Land	3,860,187	497,461	4,357,648
Land Improvements	409,441	403,446	812,887
Construction in Progress	2,212,550		2,212,550
Buildings	17,326,379	453,797	17,780,176
Portable Building Equipment		76,554	76,554
Equipment for Tenant Use		8,403	8,403
Furnishings		10,477	10,477
Office Furniture and Equipment		1,843	1,843
Maintenance Equipment		2,300	2,300
Golf Equipment		76,212	76,212
Clubhouse Furniture and Fixtures		7,887	7,887
Other Equipment	786,316		786,316
Furniture and Fixtures	8,484		8,484
Vehicles and Equipment	893,532		893,532
Infrastructure	13,593,221		13,593,221
Total Noncurrent Assets	<u>39,664,836</u>	<u>1,753,907</u>	<u>41,418,743</u>
Total Assets	<u>53,982,047</u>	<u>1,816,797</u>	<u>55,798,844</u>

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

CAMPBELL COUNTY
STATEMENT OF NET ASSETS
June 30, 2008
(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 599,867	\$ 47,406	\$ 647,273
Accrued Salaries and Payroll Taxes	232,425	30,310	262,735
Compensated Absences	16,038		16,038
Accounts Payable - Project Improvement		71,930	71,930
Sales Tax Payable		2,261	2,261
Accrued Interest		23,029	23,029
Financing Obligations		117,288	117,288
Bonds Payable	1,115,000		1,115,000
Total Current Liabilities	<u>1,963,330</u>	<u>292,224</u>	<u>2,255,554</u>
Noncurrent Liabilities:			
Tenant Security Deposits		21,405	21,405
Flexibe Subsidy Loan Payable		151,464	151,464
Financing Obligations		20,523	20,523
Bonds Payable	14,805,000		14,805,000
Compensated Absences	31,181		31,181
Total Noncurrent Liabilities	<u>14,836,181</u>	<u>193,392</u>	<u>15,029,573</u>
Total Liabilities	<u>16,799,511</u>	<u>485,616</u>	<u>17,285,127</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	23,515,110	1,159,972	24,675,082
Restricted		194,122	194,122
Unrestricted	13,667,426	(22,913)	13,644,513
Total Net Assets	<u>\$ 37,182,536</u>	<u>\$ 1,331,181</u>	<u>\$ 38,513,717</u>

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

**CAMPBELL COUNTY
STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2008

**CAMPBELL COUNTY
STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2008

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 8,282,378	\$ 259,944	\$ 1,714,835	\$
Protection to Persons and Property	8,142,433	3,996,590	707,221	
General Health and Sanitation	1,104,840	41,238	55,150	
Social Services	4,599,064	2,565	3,941,247	
Recreation and Culture	516,610	62,242		
Roads	2,426,405	10,628	783,038	441,457
Bus Service	4,470,482		325,554	
Debt Service	1,069,461		89,220	
Capital Projects	550,835			
Total Governmental Activities	31,162,508	4,373,207	7,616,265	441,457
Business-type Activities:				
Lakeside Terrace Apartments	369,343	381,894		
A.J. Jolly Park	809,792	709,855		
Jail Canteen	96,710	137,508		
Total Business-type Activities	1,275,845	1,229,257		
Total	\$ 32,438,353	\$ 5,602,464	\$ 7,616,265	\$ 441,457

General Revenues:

Taxes:
Real Property Taxes
Personal Property Taxes
Motor Vehicle Taxes and Licenses
Occupational Taxes
Other Taxes
Excess Fees
Unrestricted Investment Earnings
Miscellaneous Revenues
Proceeds on Sale of Property
Transfers

Total General Revenues
Change in Net Assets
Net Assets - Beginning (Restated)
Net Assets - Ending

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

CAMPBELL COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2008
(Continued)

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Totals
\$ (6,307,599)		\$ (6,307,599)
(3,438,622)		(3,438,622)
(1,008,452)		(1,008,452)
(655,252)		(655,252)
(454,368)		(454,368)
(1,191,282)		(1,191,282)
(4,144,928)		(4,144,928)
(980,241)		(980,241)
(550,835)		(550,835)
<u>(18,731,579)</u>		<u>(18,731,579)</u>
	12,551	12,551
	(99,937)	(99,937)
	<u>40,798</u>	<u>40,798</u>
	<u>(46,588)</u>	<u>(46,588)</u>
<u>\$ (18,731,579)</u>	<u>\$ (46,588)</u>	<u>\$ (18,778,167)</u>
5,014,888		5,014,888
487,538		487,538
676,289		676,289
8,752,314		8,752,314
2,513,156		2,513,156
819,301		819,301
501,915	446	502,361
466,929	64,786	531,715
306,352		306,352
36,714	(36,714)	
<u>19,575,396</u>	<u>28,518</u>	<u>19,603,914</u>
843,817	(18,070)	825,747
<u>36,338,719</u>	<u>1,349,251</u>	<u>37,687,970</u>
<u>\$ 37,182,536</u>	<u>\$ 1,331,181</u>	<u>\$ 38,513,717</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

**CAMPBELL COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2008

CAMPBELL COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>(TANK) Payroll Tax Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,803,864	\$ 403,771	\$ 399,974	\$ 3,670,629
Accounts Receivable-HUD				
Accounts Rec - Taxes	469,441			1,894,361
Accounts Rec - Excess Fees	187,926			
Accounts Rec - Intergov Rev.	70,550	244,613	681,490	325,554
Accounts Rec- Charges for Services			22,625	
Accounts Rec - Miscellaneous	218,732		23,640	
Accounts Rec-Transfer				
Due From				
General Obligation Bond/Construction 1	655,000			
Lakeside Terrace Apartments Fund	89,133			
	<u>5,494,646</u>	<u>648,384</u>	<u>1,127,729</u>	<u>5,890,544</u>
Total Assets				
LIABILITIES AND FUND BALANCES				
LIABILITES				
Accounts Payable	146,501	72,398	115,402	
Accounts Payable-Transfer	187,000			
Accrued Salaries and Payroll Taxes	120,609	22,477	82,962	
Compensated Absences				
Due To General Fund				
	<u>454,110</u>	<u>94,875</u>	<u>198,364</u>	
Total Liabilities				
FUND BALANCES				
Reserved for:				
Encumbrances				
TANK Contribution				1,027,753
Unreserved:				
General Fund	5,040,536			
Special Revenue Funds		553,509	929,365	4,862,791
Debt Service Funds				
	<u>5,040,536</u>	<u>553,509</u>	<u>929,365</u>	<u>5,890,544</u>
Total Fund Balances				
Total Liabilities and Fund Balances	<u>\$ 5,494,646</u>	<u>\$ 648,384</u>	<u>\$ 1,127,729</u>	<u>\$ 5,890,544</u>

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

CAMPBELL COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008
(Continued)

General Obligation Bond/Construction Fund	Housing Choice Voucher Program	Public Properties Corporation Fund	Non- Major Funds	Total Governmental Funds
\$ 1,592	\$ 521,136 9,472	\$ 164,591	\$ 714,881	\$ 9,680,438 9,472
			315,889	2,679,691
			5,550	187,926
				1,327,757
				22,625
				242,372
187,000				187,000
				655,000
				89,133
<u>188,592</u>	<u>530,608</u>	<u>164,591</u>	<u>1,036,320</u>	<u>15,081,414</u>
185,509	44,767		35,290	599,867
				187,000
	3,392		2,985	232,425
	16,038			16,038
655,000				655,000
<u>840,509</u>	<u>64,197</u>		<u>38,275</u>	<u>1,690,330</u>
				1,027,753
				5,040,536
	466,411		998,045	7,810,121
(651,917)		164,591		(487,326)
(651,917)	466,411	164,591	998,045	13,391,084
<u>\$ 188,592</u>	<u>\$ 530,608</u>	<u>\$ 164,591</u>	<u>\$ 1,036,320</u>	<u>\$ 15,081,414</u>

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

CAMPBELL COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2008
(Continued)

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

Total Fund Balances	\$ 13,391,084
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Certain receivables reported in governmental activities are not financial resources and therefore are not reported in the funds	
Notes/Capital Lease Receivable: One Year	77,797
Notes/Capital Lease Receivable: More than One Year	304,023
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	69,066,682
Accumulated Depreciation	(29,976,572)
Bond Issuance Costs Reported in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds	96,064
Discount on Bond Reported in Governmental Activities Is Not Financial Resource And Therefore Is Not Reported in the Funds	174,639
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Due within One Year - Bonds, Notes, and Other Principal Payments	(1,115,000)
Due in More than One Year - Bonds, Notes, and Other Principal Payments	(14,805,000)
Compensated Absences	(31,181)
Net Assets Of Governmental Activities	<u>\$ 37,182,536</u>

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

**CAMPBELL COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For The Year Ended June 30, 2008

CAMPBELL COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

For The Year Ended June 30, 2008

	General Fund	Road Fund	Jail Fund	(TANK) Payroll Tax Fund
REVENUES				
Taxes	\$ 8,706,826	\$	\$	\$ 7,501,962
Excess Fees	819,301			
Licenses and Permits	161,927			
Intergovernmental	735,847	945,670	3,921,460	325,555
Charges for Services	31,873		246,436	
Miscellaneous	1,766,397	10,492	291,066	2,485
Interest	267,781	13,186	9,029	131,759
Total Revenues	<u>12,489,952</u>	<u>969,348</u>	<u>4,467,991</u>	<u>7,961,761</u>
EXPENDITURES				
General Government	2,910,742			37,326
Protection to Persons and Property	2,599,899		4,994,774	
General Health and Sanitation	378,827			
Social Services	650,991			
Recreation and Culture	447,253			
Roads		1,227,120		
Bus Service				4,470,482
Debt Service	632,287	89,110	825,958	
Capital Projects	1,424,792	577,829		
Administration	2,870,208	400,426	1,459,032	6,815
Total Expenditures	<u>11,914,999</u>	<u>2,294,485</u>	<u>7,279,764</u>	<u>4,514,623</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>574,953</u>	<u>(1,325,137)</u>	<u>(2,811,773)</u>	<u>3,447,138</u>
Other Financing Sources (Uses)				
Transfers in From Proprietary Funds - Principal & Interest				
Transfers From Other Governmental Funds	1,973,153	1,710,000	3,650,215	
Transfers To Other Governmental Funds	(4,355,841)		(195,360)	(3,495,000)
Total Other Financing Sources (Uses)	<u>(2,382,688)</u>	<u>1,710,000</u>	<u>3,454,855</u>	<u>(3,495,000)</u>
Net Change in Fund Balances	(1,807,735)	384,863	643,082	(47,862)
Fund Balances - Beginning (Restated)	6,848,271	168,646	286,283	5,938,406
Fund Balances - Ending	<u>\$ 5,040,536</u>	<u>\$ 553,509</u>	<u>\$ 929,365</u>	<u>\$ 5,890,544</u>

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

CAMPBELL COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2008
(Continued)

General Obligation Bond/Construction Fund	Housing Choice Voucher Program	Public Properties Corporation Fund	Non- Major Funds	Total Governmental Funds
\$	\$	\$	\$ 1,250,351	\$ 17,459,139
				819,301
				161,927
	3,869,949	191,036	316,678	10,306,195
				278,309
		3,203	32,477	2,106,120
16,208	13,974	14,521	34,385	500,843
<u>16,208</u>	<u>3,883,923</u>	<u>208,760</u>	<u>1,633,891</u>	<u>31,631,834</u>
	393,855		6,198	3,348,121
				7,594,673
			680,842	1,059,669
	3,216,701		684,790	4,552,482
				447,253
			54,091	1,281,211
				4,470,482
96,403		508,143	12,853	2,164,754
2,304,374				4,306,995
		8,905	30,155	4,775,541
<u>2,400,777</u>	<u>3,610,556</u>	<u>517,048</u>	<u>1,468,929</u>	<u>34,001,181</u>
(2,384,569)	273,367	(308,288)	164,962	(2,369,347)
		36,714		36,714
987,000		288,985		8,609,353
<u>(3,252)</u>		<u>(350,000)</u>	<u>(209,900)</u>	<u>(8,609,353)</u>
<u>983,748</u>		<u>(24,301)</u>	<u>(209,900)</u>	<u>36,714</u>
(1,400,821)	273,367	(332,589)	(44,938)	(2,332,633)
748,904	193,044	497,180	1,042,983	15,723,717
<u>\$ (651,917)</u>	<u>\$ 466,411</u>	<u>\$ 164,591</u>	<u>\$ 998,045</u>	<u>\$ 13,391,084</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

**CAMPBELL COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2008

CAMPBELL COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (2,332,633)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay Expenditures	3,889,117
Infrastructure	224,117
Depreciation expense	(2,366,951)
Donated Assets (Roads)	244,985
Land acquired in exchange for sale of building	100,000
Capital Contribution to Dispatch	(226,718)
Certain revenues are recorded in the funds, however, they decrease liabilities at the government-wide level and are not reported on the Statement of Activities.	
Receipts for Bond and Interest Payment	(89,220)
Some deferred revenue reported in the governmental funds in prior years is recognized as revenue in the current year. This revenue was previously recognized as revenue on the statement of activities and has therefore been eliminated.	
	(16,575)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Repayment of long term debt principal	1,433,238
Amortization of bond issuance costs and bond discount	(15,543)
	817,695
Change in Net Assets of Governmental Activities	\$ 843,817

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

THIS PAGE LEFT BLANK INTENTIONALLY

CAMPBELL COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND

June 30, 2008

CAMPBELL COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND

June 30, 2008

Business-Type Activities - Enterprise Funds

	Lakeside Terrace Apartments	A.J. Jolly Park	Jail Canteen Fund	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 14,564	\$ 75,649	\$ 41,709	\$ 131,922
Accounts Receivable			14,790	14,790
Prepaid Expenses	5,311			5,311
Total Current Assets	19,875	75,649	56,499	152,023
Noncurrent Assets:				
Tenant Deposits Held in Trust	21,405			21,405
Escrow Deposits	21,625			21,625
Residual Receipts	9,251			9,251
Replacement Reserve	163,246			163,246
Total Restricted Deposits	215,527			215,527
Capital Assets:				
Land		497,461		497,461
Land Improvements	268,340	688,820		957,160
Buildings and Depreciable Land Improvements	1,808,158	129,949		1,938,107
Building Equipment - Portable	120,730			120,730
Equipment for Tenant Use	78,121			78,121
Furnishings	45,714			45,714
Office Furniture and Equipment	8,482			8,482
Clubhouse Furniture and Fixtures		96,556		96,556
Maintenance Equipment	5,001			5,001
Golf Equipment		554,708		554,708
Total Capital Assets	2,334,546	1,967,494		4,302,040
Less Accumulated Depreciation	(1,547,402)	(1,216,258)		(2,763,660)
Net Capital Assets	787,144	751,236		1,538,380
Total Noncurrent Assets	1,002,671	751,236		1,753,907
Total Assets	\$ 1,022,546	\$ 826,885	\$ 56,499	\$ 1,905,930

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

CAMPBELL COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2008
(Continued)

	Lakeside Terrace Apartments	A.J. Jolly Park	Jail Canteen Fund	Total
Liabilities				
Current Liabilities				
Accounts Payable	\$ 26,682	\$ 11,406	\$ 6,229	\$ 44,317
Accounts Payable - Project Improvement	71,930			71,930
Current Portion Due To Primary Government	12,733			12,733
Current Portion of Mortgage Payable	117,288			117,288
Sales Tax Payable		2,261		2,261
Accrued Salaries and Payroll Taxes	4,875	25,435		30,310
Gift Card Payable		3,089		3,089
Accrued Interest	23,029			23,029
Total Current Liabilities	256,537	42,191	6,229	304,957
Noncurrent Liabilities				
Tenant Security Deposits	21,405			21,405
Due to Primary Government, Less Current Portion	76,400			76,400
Mortgage Payable, Less Current Portion	20,523			20,523
Flexible Subsidy Loan Payable	151,464			151,464
Total Noncurrent Liabilities	269,792			269,792
Total Liabilities	526,329	42,191	6,229	574,749
Net Assets				
Invested in Capital Assets, Net of Related Debt	408,736	751,236		1,159,972
Restricted	194,122			194,122
Unrestricted	(106,641)	33,458	50,270	(22,913)
Total Net Assets	\$ 496,217	\$ 784,694	\$ 50,270	\$ 1,331,181

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

CAMPBELL COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND

For The Year Ended June 30, 2008

CAMPBELL COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUND

For The Year Ended June 30, 2008

Business-Type Activities - Enterprise Funds

	Lakeside Terrace Apartments	A.J. Jolly Park	Jail Canteen Fund	Total
Operating Revenues				
Rent Revenue - Gross Potential	\$ 323,762	\$	\$	\$ 323,762
Tenant Assistance Payments	46,206			46,206
Total Potential Rent Revenue	369,968			369,968
Vacancies - Apartments	(57,600)			(57,600)
Net Rental Revenue	312,368			312,368
Golf		466,092		466,092
Rentals - Power Carts		218,820		218,820
Rentals - Miscellaneous		813		813
Commissary Profits			99,991	99,991
Concession Commissions		10,839		10,839
Miscellaneous Revenue		13,642	37,517	51,159
Total Operating Revenues	312,368	710,206	137,508	1,160,082
Less:				
Rent Expense - Power Carts		59,621		59,621
Gross Profit on Operating Revenues	312,368	650,585	137,508	1,100,461
Operating Expenses				
Protection to Persons and Property			96,710	96,710
Golf		485,019		485,019
Clubhouse		265,152		265,152
Administrative	45,282			45,282
Depreciation	70,149			70,149
Utilities	105,647			105,647
Operating and Maintenance Expense	119,391			119,391
Taxes and Insurance	25,354			25,354
Financial Expense	3,520			3,520
Total Operating Expenses	369,343	750,171	96,710	1,216,224
Operating Income (Loss)	(56,975)	(99,586)	40,798	(115,763)

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

CAMPBELL COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUND
For The Year Ended June 30, 2008
(Continued)

Business-Type Activities - Enterprise Funds

	Lakeside Terrace Apartments	A.J. Jolly Park	Jail Canteen Fund	Total
Nonoperating Revenues (Expenses)				
Transfer to Pay On Lease	\$	\$ (37,065)	\$	\$ (37,065)
Revenue from Investments - Project Operations	2,891			2,891
Revenue from Investments - Reserve for Replacements	1,153			1,153
Contribution from General Fund		60,000		60,000
Total Financial Revenue	<u>4,044</u>	<u>22,935</u>		<u>26,979</u>
Interest Reduction Payments Revenue	65,546			65,546
Laundry and Vending Revenue	3,980			3,980
Total Other Revenue	<u>69,526</u>			<u>69,526</u>
Interest Income		446	742	1,188
Total Nonoperating Revenues (Expenses)	<u>73,570</u>	<u>23,381</u>	<u>742</u>	<u>97,693</u>
Change In Net Assets	16,595	(76,205)	41,540	(18,070)
Total Net Assets - Beginning	<u>479,622</u>	<u>860,899</u>	<u>8,730</u>	<u>1,349,251</u>
Total Net Assets - Ending	<u>\$ 496,217</u>	<u>\$ 784,694</u>	<u>\$ 50,270</u>	<u>\$ 1,331,181</u>

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

CAMBPELL COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For The Year Ended June 30, 2008

CAMPBELL COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For The Year Ended June 30, 2008

Business-Type Activities - Enterprise Funds

	Lakeside Terrace Apartments	A.J. Jolly Park	Jail Canteen Fund	Total
Cash Flows From Operating Activities				
Receipts from Green Fees	\$	\$ 466,092	\$	\$ 466,092
Rental for Golf Carts		218,820		218,820
Miscellaneous Rentals		813		813
Rental Receipts	312,368			312,368
Laundry and Vending Revenue	3,980			3,980
Excess Rent Retained by Project	2,332			2,332
Interest Reduction Payments Revenue	65,546			65,546
Other Revenue		10,839		10,839
Miscellaneous Revenue		13,642	125,151	138,793
Cash Payments to Employees	(76,561)	(412,638)	(5,914)	(495,113)
Cash Payments to Suppliers	(218,051)	(333,943)	(88,523)	(640,517)
Net Cash Provided By Operating Activities	<u>89,614</u>	<u>(36,375)</u>	<u>30,714</u>	<u>83,953</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from Related Party Note Payable	95,500			95,500
Related Party Note Payable Principal Payments	(6,367)			(6,367)
Purchase of Capital Assets	(131,234)	(68,457)		(199,691)
Transfers to Pay on Lease		(37,065)		(37,065)
Mortgage Principal Payments	(107,763)			(107,763)
Net Cash (Used) Provided By Capital and Related Financing Activities	<u>(149,864)</u>	<u>(105,522)</u>		<u>(255,386)</u>
Cash Flows from Non-Capital Financing Activities				
Receipts from Campbell County General Fund		60,000		60,000
Net Cash Provided By Non -Capital Financing Activities		<u>60,000</u>		<u>60,000</u>
Cash Flows From Investing Activities				
Interest Earned	1,712	446	742	2,900
Net Deposits to Reserve for Replacements Account	(10,757)			(10,757)
Net Deposits to Mortgage Escrow Account	(4,469)			(4,469)
Net Deposits to Residual Receipts Account	8,049			8,049
Net Cash (Used) Provided By Investing Activities	<u>(5,465)</u>	<u>446</u>	<u>742</u>	<u>(4,277)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(65,715)	(81,451)	31,456	(115,710)
Cash and Cash Equivalents - July 1, 2007	<u>80,279</u>	<u>157,100</u>	<u>10,253</u>	<u>247,632</u>
Cash and Cash Equivalents - June 30, 2008	<u>\$ 14,564</u>	<u>\$ 75,649</u>	<u>\$ 41,709</u>	<u>\$ 131,922</u>

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

CAMPBELL COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For The Year Ended June 30, 2008
(Continued)

Business-Type Activities - Enterprise Funds

	Lakeside Terrace Apartments	A.J. Jolly Park	Jail Canteen Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ (56,975)	\$ (99,586)	\$ 40,798	\$ (115,763)
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities				
Depreciation Expense	70,149	63,941		134,090
Other Revenue	71,858			71,858
Changes In:				
Accounts Receivable			(1,523)	(1,523)
Miscellaneous Prepaid Expenses	1,485	7,826		9,311
Accounts Payable	3,959	(11,501)	(8,561)	(16,103)
Gift Card Payable		3,089		3,089
Sales Tax Payable		46		46
Accrued Interest	1,514			1,514
Accrued Payroll and Taxes	(2,376)	(190)		(2,566)
Net Cash Provided By Operating Activities	<u>\$ 89,614</u>	<u>\$ (36,375)</u>	<u>\$ 30,714</u>	<u>\$ 83,953</u>

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

**CAMPBELL COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS**

June 30, 2008

CAMPBELL COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS

June 30, 2008

	<u>Agency Funds</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 39,999
Total Assets	<u>39,999</u>
Liabilities	
Amounts Held In Custody For Others	<u>39,999</u>
Total Liabilities	<u>39,999</u>
Net Assets	
Total Net Assets	<u><u>\$ 0</u></u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENTS**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	51
NOTE 2.	DEPOSITS AND INVESTMENTS	60
NOTE 3.	OPERATING LEASES	61
NOTE 4.	CAPITAL ASSETS	62
NOTE 5.	JOINT VENTURES	64
NOTE 6.	CAPITAL LEASE RECEIVABLE	64
NOTE 7.	LONG-TERM DEBT	65
NOTE 8.	INTEREST ON LONG-TERM DEBT AND FINANCING OBLIGATIONS	70
NOTE 9.	EMPLOYEE RETIREMENT SYSTEM	71
NOTE 10.	INSURANCE	71
NOTE 11.	ESTIMATED INFRASTRUCTURE HISTORICAL COST	71
NOTE 12.	CONCENTRATIONS OF BUSINESS RISK.....	72
NOTE 13.	SUBSEQUENT EVENTS	72
NOTE 14.	PRIOR PERIOD ADJUSTMENT	72
NOTE 15.	NEGATIVE FUND BALANCE IN GENERAL OBLIGATION BOND/CONSTRUCTION FUND.....	72
NOTE 16.	INTERFUND TRANSACTIONS	73
NOTE 17.	DISAGGREGATION OF ACCOUNTS PAYABLE	73

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA.) (See part D for additional discussion on basis of presentation.)

B. Reporting Entity

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

Blended Component Units

The following legally separate organizations provide their services exclusively to the primary government, and the fiscal court is able to impose its will on these organizations. These organizations' balances and transactions are reported as though they are part of the county's primary government using the blending method.

Campbell County Fiscal Court Housing Choice Voucher Program:

The Campbell County Fiscal Court Housing Department operates the Housing Choice Voucher Program. It is engaged in providing rental assistance to persons of low income and 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. This component unit is blended within the financial statements of the County.

Campbell County Public Properties Corporation:

The Board of Directors of the Campbell County Public Properties Corporation is made up entirely of the members of the Campbell County Fiscal Court. The Corporation is created solely for the benefit of the Fiscal Court per KRS 58.180 to act as an agent in the acquisition and financing of any public project and cannot be sued in its own name without recourse to the Campbell County Fiscal Court. The Fiscal Court has access to the Corporation's resources and is legally obligated to finance the debts or provide financial support to the Corporation. The Corporation is financially accountable to the Fiscal Court. This component unit is blended within the financial statements of the County.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

Blended Component Units (Continued)

Lakeside Terrace Apartments HUD Project No. 083-44012-236:

The Project is a 96-unit apartment complex for the elderly located in Highland Heights, Kentucky. The project is operated under Section 236 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development with respect to rental charges and operating methods. The Project's major program is its Section 236 direct loan. Legal title to the project is held by the Campbell County Public Properties Corporation, a nonprofit corporation. This component unit is blended within the financial statements of the County.

A.J. Jolly Park:

The activities of A.J. Jolly Park (an agency of the Campbell County Fiscal Court) are accounted for using the enterprise fund principle. This reported method was adopted to account for the Park's operations in a manner similar to private business enterprises. The major portion of land on which the Park is operated is owned by the Campbell County Public Parks Corporation, which used two related bond issues to acquire it. Once the bonds are retired, the Public Parks Corporation will transfer title of the property to the County. This component unit is blended within the financial statements of the County.

Copies of the audits of the blended component units can be obtained by contacting James D. Seibert, Fiscal Director, Campbell County Fiscal Court, 24 West 4th St., Newport, KY 41071.

C. Campbell County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Campbell 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 statements of Campbell County, Kentucky.

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

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

A significant feature of the government-wide Statement of Activities is the presentation of each program's net cost. GAAP requires the reporting of a program's net cost to indicate how self-sustaining the program is and to reveal the extent of reliance on other governmental units. Net cost is obtained by subtracting program expenses from program revenues. Program expenses are those costs attributable to a particular function including certain indirect costs. GAAP permits both direct and indirect program expenses to be presented together in an "Expenses" column. Therefore, indirect expenses are not specifically identified with individual functions and activities.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenues once provider-imposed eligibility requirements have been met.

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

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3rd Saturday in April following the delinquency date.

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

Governmental Funds

All governmental fund statements are accounted for on the modified accrual basis of accounting and focus on the flow of current financial resources. In accordance with the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period. Revenues are considered to be available when they are either collected within the current period or their collection is expected shortly after the end of the current period in time to meet current liabilities. The County generally includes those revenues to be received up to 90 days following the end of the accounting period. Revenues expected to be collected after 90 days beyond the end of the accounting period are considered unavailable and are reported as deferred revenues. Deferred revenues also include amounts received but unearned as of June 30. In the governmental funds, where the focus is on the flow of current resources, expenditures are usually recorded at the time liabilities are incurred. Exceptions are: inventories, prepayments, and acquisition of capital assets which are recorded at the time of acquisition, principal and interest on long-term debt, as well as compensated absences which are recorded as expenditures in the period payment is made.

The primary government reports the following major governmental funds:

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

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

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

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental Funds (Continued)

(TANK) Payroll Tax Fund – The purpose of this fund is to account for occupational tax collections, which were originally approved by the voters as Section 12 of Ordinance R-34-78 and amended with Ordinance O-26-99. All money derived under the provisions of this Ordinance are placed to the credit of:

- A) The General Revenue Fund of the County of Campbell and shall be used and expended in defraying the current general and incidental expenses of the County
- B) To appropriate and pay over to the Transit Authority of Northern Kentucky capital and operating funds as provided in K.R.S. Chapter 96A;
- C) For traffic improvement and mass transportation related projects as authorized by the Fiscal Court.

General Obligation Bond/Construction Fund – The purpose of this fund is to account for the General Obligation Public Project Bonds, Series 2006 issued in June 2006. This bond issue is being used for the addition to the jail. The primary source of revenue for this fund is the proceeds from the bond issue.

Campbell County Housing Choice Voucher Program - The Campbell County Housing Choice Voucher Program is operated by the Campbell County Fiscal Court. It is engaged in providing rental assistance to persons of low income and who, for the most part, are residents of Campbell County, Kentucky. Funds to operate this program are obtained principally from the U.S. Department of Housing and Urban Development.

Campbell County Public Properties Corporation Fund - This Corporation was created solely for the benefit of the Fiscal Court to act as an agent in the acquisition and financing of any public project. It is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

The primary government also has the following non-major funds: Local Government Economic Assistance Fund, Senior Citizens Tax Fund, Mental Health Tax Fund, the Developer Road Escrow Fund, and the Federal CDBG Fund.

Special Revenue Funds:

The Road Fund, Jail Fund, (TANK) Payroll Tax Fund, Campbell County Housing Choice Voucher Program, Local Government Economic Assistance Fund (LGEA), Senior Citizens Tax Fund, Mental Health Tax Fund, the Developer Road Escrow Fund, and the Federal CDBG Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental Funds (Continued)

Debt Service Funds:

The Campbell County Public Properties Corporation Fund is used to account for the accumulation of resources for, and payment of general long-term debt principal and interest.

The General Obligation Bond/Construction Fund is used to account for the accumulation of resources for, and the payment of long-term debt principal and interest on the Campbell County General Obligation Public Projects Bond, Series 2006.

Proprietary Funds

Proprietary funds use the full accrual basis of accounting, recognizing revenues and expenses when they occur, regardless of the timing of cash flows. On the Statement of Revenues, Expenses and Changes in Net Assets, the term “expenses” (not “expenditures” as in the governmental funds on a modified accrual basis) describes the decrease in economic benefits and emphasizes the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds’ principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county’s enterprise funds are charges to customers for sales in the Jail Canteen Fund, at Lakeside Terrace Apartments and A.J. Jolly Park. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The primary government reports the following major proprietary funds:

Lakeside Terrace Apartments HUD Project No. 083-44012-236

The Project is a 96-unit apartment project for the elderly located in Highland Heights, Kentucky. The Project is operated under Section 236 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development with respect to rental charges and operating methods. The Project’s major program is its Section 236 direct loan.

Legal title to the Project is held by Campbell County Public Properties Corporation, a nonprofit corporation. The accompanying financial statements are those of the Project and do not represent the financial statements of Campbell County Public Properties Corporation. The Project is a component unit of the Campbell County Fiscal Court.

The Project is subject to Section 8 Housing Assistance Payments agreements with U.S. Department of Housing and Urban Development (HUD), and a significant portion of the Project’s rental income is received from HUD. The Project’s non-major programs are its rent subsidy and Flexible Subsidy Loan.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Proprietary Funds (Continued)

A.J. Jolly Park

The A.J. Jolly Park is a component unit enterprise fund of the Campbell County Fiscal Court. The Park is the operator of the A.J. Jolly Golf Course.

Jail Canteen Fund

Inmates at the Campbell County Jail are set up with an account upon entry. Inmates are permitted to order items, such as snacks, and use money from their account to pay. This fund's purpose is to record the profits from this operation. The profits are used to benefit the prisoners.

Fiduciary Funds

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The agency funds of Campbell County are the Jail Inmate Account, the Employee Fund Account, the Senior Citizen's Account, and the Performance Bond Account.

E. Deposits and Investments

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

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

F. Capital Assets

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

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Capital Assets (Continued)

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 5,000	10-20
Buildings and Building Improvements	\$ 5,000	25-40
Machinery and Equipment	\$ 5,000	5-10
Vehicles	\$ 5,000	5-10
Utility Systems	\$ 5,000	25-40
Infrastructure	\$ 5,000	20-40

G. Long-term Obligations

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

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

Compensated Absences

The County's policies regarding vacation time do not permit an employee to accumulate vacation time. Although they earn time based on their years of service, they have until April of the following year to utilize all vacation time earned the previous year. However, upon termination of employment, employees do not receive pay for unused vacation time.

The County Police and the Road Department have a separate contract for sick leave. These employees earn 40 hours of sick leave per year. The entire 40 hours is given to them in January. If they are still employed by the Fiscal Court on December 31, they receive pay for their unused sick time the following January. If they are not employed on December 31, they do not get paid for their unused sick time.

The remaining Fiscal Court employees also receive 40 hours of sick leave in January; however, they do not get paid for their unused sick time.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

"Reserved for TANK (Transit Authority of Northern Kentucky) Contributions" is referring to the portion of the TANK payroll tax receivable (first quarter) which the Campbell County Fiscal Court has agreed to provide to TANK to provide transit service in Campbell County.

I. Budgetary Information

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

The State Local Finance Officer does not require the Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific annual payments to this fund and these transfers are budgeted in the governmental funds.

The State Local Finance Officer does not require the Housing Choice Voucher Program to be budgeted, however, Campbell County has chosen to budget this fund.

The State Local Finance Officer does not require the Jail Canteen Fund to be budgeted, because the Fiscal Court does not approve these expenses made from these funds. However, Campbell County has chosen to budget this fund.

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

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

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

J. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include payroll taxes.

In the fund financial statements, material receivables in the governmental funds include revenue accruals, such as, occupational taxes, grants, and other similar revenues since they are usually both measurable and available. Non-exchange transactions, collectible but not available, are deferred in the fund financial statements in accordance with the accrual basis of accounting. Interest and investment earnings are recorded when earned only if paid within 90 days since they would be considered both measurable and available.

K. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

At June 30, 2008 the General Obligation Bond/Construction Fund owed the General Fund \$655,000 for money loaned to cover construction costs until bonds were issued. None had been repaid as of June 30, 2008.

At June 30, 2008 the Lakeside Terrace Apartments owed the General Fund \$89,133. The original loan amount totaled \$95,000 and was for the purchase of a generator for the facility.

Note 2. Deposits and Investments

A. Deposits

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned to it. The county does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240 (A). As of June 30, 2008, all deposits were covered by FDIC Insurance or a properly executed collateral security agreement.

B. Investments

At June 30, 2008, all of the county's investments were classified as cash and cash equivalents. These were collateralized by pledged securities held by the county's agent in the county's name, and therefore were not subject to custodial credit risk.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 3. Operating Leases

The fiscal court entered into a lease agreement for copiers to be used by various county departments. The total expense related to this lease was \$4,406 for the fiscal year ended June 30, 2008. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Governmental Activities Amount</u>
2009	\$ 4,038
Total Minimum Lease Payments	<u>\$ 4,038</u>

The Park entered into a three-year lease for golf carts effective June 2008 for a total rental of \$393,822. This replaced the previous lease for golf carts that expired in October 2009. Under the terms of the lease, the Park agreed to obtain an "all risk" property insurance policy covering its full replacement value. In addition, the Park is required to obtain public liability insurance naming the lessor as an additional insured. Lease expense for the year ended June 30, 2008 was \$59,621. The future minimum lease payments for this lease are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Business-type Activities Amount</u>
2009	\$ 46,332
2010	54,054
2011	54,054
2012	61,776
2013	<u>23,166</u>
Total Minimum Lease Payments	<u>\$ 239,382</u>

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,040,589	\$ 819,598	\$	\$ 3,860,187
Construction In Progress	7,638,555	2,438,179	(7,864,184)	2,212,550
Total Capital Assets Not Being Depreciated	<u>10,679,144</u>	<u>3,257,777</u>	<u>(7,864,184)</u>	<u>6,072,737</u>
Capital Assets, Being Depreciated:				
Land Improvements	483,492	132,371		615,863
Buildings	14,042,629	7,888,369	(56,156)	21,874,842
Other Equipment	1,884,925	63,551		1,948,476
Furniture and Fixtures	106,963			106,963
Vehicles and Equipment	2,970,210	331,582	(159,233)	3,142,559
Infrastructure	34,656,489	648,753		35,305,242
Total Capital Assets Being Depreciated	<u>54,144,708</u>	<u>9,064,626</u>	<u>(215,389)</u>	<u>62,993,945</u>
Less Accumulated Depreciation For:				
Land Improvements	(175,171)	(31,251)		(206,422)
Buildings	(4,090,094)	(514,525)	56,156	(4,548,463)
Other Equipment	(995,845)	(166,315)		(1,162,160)
Furniture and Fixtures	(98,479)			(98,479)
Vehicles and Equipment	(2,141,824)	(266,436)	159,233	(2,249,027)
Infrastructure	(20,323,597)	(1,388,424)		(21,712,021)
Total Accumulated Depreciation	<u>(27,825,010)</u>	<u>(2,366,951)</u>	<u>215,389</u>	<u>(29,976,572)</u>
Total Capital Assets, Being Depreciated, Net	<u>26,319,698</u>	<u>6,697,675</u>		<u>33,017,373</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,998,842</u>	<u>\$ 9,955,452</u>	<u>\$ (7,864,184)</u>	<u>\$ 39,090,110</u>

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 4. Capital Assets (Continued)

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 437,561	\$ 59,900	\$	\$ 497,461
Land Improvements	268,340			268,340
Construction in Progress	3,600		(3,600)	
Total Capital Assets Not Being Depreciated	709,501	59,900	(3,600)	765,801
Capital Assets, Being Depreciated:				
Land Improvements	688,820			688,820
Buildings	1,830,586	109,117	(1,596)	1,938,107
Portable Building Equipment	92,255	28,475		120,730
Equipment for Tenant Use	78,121			78,121
Furnishings	42,867	2,847		45,714
Office Furniture and Equipment	8,482			8,482
Maintenance Equipment	3,897	1,104		5,001
Clubhouse Furniture and Fixtures	94,708	1,848		96,556
Golf Equipment	554,709			554,709
Total Capital Assets Being Depreciated	3,394,445	143,391	(1,596)	3,536,240
Less Accumulated Depreciation For:				
Land Improvements	(512,394)	(41,320)		(553,714)
Buildings	(1,429,441)	(56,465)	1,596	(1,484,310)
Portable Building Equipment	(34,132)	(10,044)		(44,176)
Equipment for Tenant Use	(65,721)	(3,997)		(69,718)
Furnishings	(33,277)	(1,960)		(35,237)
Office Furniture and Equipment	(5,802)	(837)		(6,639)
Maintenance Equipment	(2,498)	(203)		(2,701)
Clubhouse Furniture and Fixtures	(86,251)	(2,418)		(88,669)
Golf Equipment	(461,651)	(16,846)		(478,497)
Total Accumulated Depreciation	(2,631,167)	(134,090)	1,596	(2,763,661)
Total Capital Assets, Being Depreciated, Net	763,278	9,301		772,579
Business-Type Activities Capital Assets, Net	\$ 1,472,779	\$ 69,201	\$ (3,600)	\$ 1,538,380

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 4. Capital Assets (Continued)

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

Governmental Activities:

General Government	\$ 199,717
Protection to Persons and Property	584,282
General Health and Sanitation	45,171
Social Services	46,582
Recreation and Culture	121,888
Roads, Including Depreciation of General Infrastructure Assets	<u>1,369,311</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,366,951</u>

Business-Type Activities

A.J. Jolly Park	\$ 63,941
Lakeside Terrace Apartments	<u>70,149</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 134,090</u>

Note 5. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the following is considered a joint venture of Campbell County Fiscal Court: Campbell County Consolidated Dispatch Board.

The audit of Campbell County Consolidated Dispatch Board can be obtained by writing the Board at 998 Monmouth Street, Newport, KY 41071-2115.

Note 6. Capital Lease Receivable

The Campbell County Extension District Board entered into a capital lease with the Campbell County Public Properties Corporation (CCPPC) on January 6, 1992 for construction of a building for housing the offices of the Extension District. The CCPPC agreed to provide adequate land for the facility as well as assume the responsibility for securing a qualified licensed architect who would design and oversee the complete construction of the project. The Extension District has full responsibility to pay the entire cost of the construction including that of securing financing for the professional expenses, bond expenses, and construction expenses. It was agreed that the Extension District would advance the CCPPC \$175,000 for initial expenses related to the construction and upon occupation of the building by the Extension District, a semi-annual rent obligation would be payable to the CCPPC. The sum payable to the CCPPC shall include all expenses on an amortized basis over the life of the bonds for all costs related to financing and all fees associated with the issuance of the bonds. The Extension District has been granted the option of purchasing the building, parking lot, and area required for ingress and egress from the CCPPC for \$1.00 plus the assumption of all indebtedness owed for the construction of the project, if any. This option expires within 30 years from the signing of the above contract.

The Extension District advanced the CCPPC an additional \$96,932 to cover construction costs in excess of that originally contemplated.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 6. Capital Lease Receivable (Continued)

For financial statement purposes, this has been treated as a capital lease.

At June 30, 2008, the future minimum payments required under the lease agreement and the present value of minimum capital lease payments are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 65,000	\$ 12,797	\$ 77,797
2010	65,000	10,262	75,262
2011	70,000	7,527	77,527
2012	70,000	4,640	74,640
2013	75,000	1,594	76,594
	<u>\$ 345,000</u>	<u>\$ 36,820</u>	<u>\$ 381,820</u>

Note 7. Long-term Debt

A. 2001 Refunding Bonds

The Campbell County Fiscal Court issued as of July 1, 2001 \$2,520,000 General Project Refunding Bond, Series 2001, to refund Campbell, County Kentucky Public Properties Corporation Multiple Projects Revenue Bonds, Series 1992. In the 1992 series, a portion of the project was subleased by the County to the Campbell County Extension District Board pursuant to a sublease dated December 1, 1992 for automatically renewable annual periods through December 1, 2012. Payments to the County under the sublease are equal to the pro-rata portion of the lease payments to be made by the County, which are allocable to the portion of the project being subleased to the Extension District Board. The outstanding balance due to the Campbell County Fiscal Court from the Extension District Board as of June 30, 2008 was \$345,000.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 7. Long-term Debt (Continued)

A. 2001 Refunding Bonds (Continued)

The bonds mature in varying amounts from \$70,000 to \$170,000 from December 1, 2001 to December 1, 2022 at interest rates ranging from 3.20% to 5.00%

Bonds outstanding on June 30, 2008 were \$1,660,000. The debt service requirements for future fiscal years are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2009	\$ 145,000	\$ 70,845
2010	150,000	65,090
2011	155,000	58,913
2012	160,000	52,415
2013	170,000	45,483
2014-2018	385,000	167,835
2019-2023	495,000	63,799
Totals	<u>\$ 1,660,000</u>	<u>\$ 524,380</u>

B. First Mortgage Refunding and Improvement Revenue Bonds, Series 1997 (Campbell County Public Properties Corporation)

First Mortgage Refunding and Improvement Revenue Bonds, Series 1997 were issued July 1, 1997 in the amount of \$3,650,000 for the purpose of refunding First Mortgage Revenue bonds (Jail Facilities Project) issued November 1, 1989. The bonds mature in varying amounts from \$95,000 to \$285,000 from November 1, 1997 through 2017. Interest is payable semiannually on May 1 and November 1 at rates from 4.70% to 4.80%. The bonds are secured by a foreclosable first mortgage lien on the jail property and A.J. Jolly Park and a pledge of revenue from both facilities. During the year ended June 30, 1998, the Campbell County Public Parks Corporation advanced A.J. Jolly Park \$466,200 to pay the cost of a new irrigation system. The amount of bonds assigned to the park and recreation improvements was \$1,665,000. Under the terms of the agreement, the Park is obligated to pay its proportionate part of the bonds and interest as they become due.

Bonds outstanding on June 30, 2008 were \$1,575,000. The debt service requirements for future fiscal years are as follows

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2009	\$ 255,000	\$ 69,480
2010	265,000	57,000
2011	285,000	43,800
2012	95,000	34,679
2013	100,000	30,000
2014-2018	575,000	71,400
Totals	<u>\$ 1,575,000</u>	<u>\$ 306,359</u>

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 7. Long-term Debt (Continued)

C. First Mortgage Refunding and Improvement Revenue Bonds, Series 1998 (Campbell County Public Properties Corporation)

As of July 1, 1998, Campbell County Public Properties Corporation issued \$1,545,000 First Mortgage Refunding Revenue Bonds (Court Facilities Project), Series 1998. These bonds mature in varying amounts on August 1 of each year from 1999 through 2009. Proceeds of the bonds were issued principally to defease and discharge First Mortgage Revenue Bonds (District Court Building) dated February 1, 1991. Under this arrangement, the Corporation made provision for discharge of all bonds by depositing with the Trustee permissible investment obligations sufficient to pay all principal and interest requirements on the bonds to a permitted date of redemption, or to the date of maturity; consequently, the Corporation has no further liability for the bonds. Interest is payable semiannually on February 1 and August 1 at rates ranging from 4.00% to 4.30% and principal payments are due annually on August 1 of each year.

Bonds outstanding on June 30, 2008 were \$305,000. The debt service requirements for future fiscal years are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2009	\$ 170,000	\$ 9,459
2010	135,000	2,902
Totals	<u>\$ 305,000</u>	<u>\$ 12,361</u>

D. General Obligation Public Project Bonds, Series 2006

As of June 1, 2006, Campbell County, Kentucky issued \$13,150,000 General Obligation Public Project Bonds, Series 2006. These bonds mature in varying amounts (from \$250,000 to \$880,000) on December 1 of each year from 2006 through 2025. Proceeds of the bonds issued will be principally used for construction at the Campbell County Jail. Interest is payable semiannually on June 1 and December 1 at rates ranging from 4.00% to 4.38% and principal payments are due annually on December 1 of each year.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 7. Long-term Debt (Continued)

D. General Obligation Public Project Bonds, Series 2006 (Continued)

Bonds outstanding on June 30, 2008 were \$12,380,000. The debt service requirements for future fiscal years are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2009	\$ 545,000	\$ 500,044
2010	565,000	477,844
2011	590,000	454,744
2012	615,000	430,644
2013	640,000	405,543
2014-2018	3,320,000	1,625,521
2019-2023	3,570,000	939,624
2024-2026	2,535,000	168,915
Totals	<u>\$ 12,380,000</u>	<u>\$ 5,002,879</u>

E. Kentucky Association of Counties Leasing Trust

The Campbell County Fiscal Court, the City of Fort Thomas, and the City of Newport entered into an inter-local agreement dated January 9, 2001, which created Campbell County Consolidated Dispatch Board. As indicated per this inter-local agreement, the Campbell County Fiscal Court shall make a one-time contribution of cash in the amount of \$750,000, earmarked for capital equipment and development of the new communications system. Furthermore, the Fiscal Court shall make annual and recurring cash contributions to the Board, earmarked for general operational expenses, at the beginning of each fiscal year, commencing on the first year of dispatch service. The base amount for the initial fiscal year shall be \$200,000, which shall be adjusted each ensuing year by the percentage of increase/decrease in the cost-of-living index for the Greater Cincinnati SMSA area, as reported by the Bureau of Labor Statistics.

A memorandum of understanding was entered into by and between the Campbell County Fiscal Court and the Campbell County Consolidated Dispatch Board on June 27, 2002 implementing the following: The Campbell County Fiscal Court will enter into a six year lease with the Kentucky Association of Counties Lease Trust (KACoLT) in the sum of \$2,000,000 for the purpose of financing dispatch equipment for the Board. A total of \$1,250,000 of the principal amount will be made on behalf of the Campbell County Consolidated Dispatch Board, and a total of \$750,000 will be made on behalf of the County in meeting its obligation pursuant to the inter-local government agreement dated January 9, 2001. In addition, the Campbell County Fiscal Court shall be paid by the Campbell County Consolidated Dispatch Board a total of 62.50% of the annual lease payment less the credit of \$200,000 pursuant to the inter-local agreement. The outstanding balance due to the Campbell County Fiscal Court from the Campbell County Consolidated Dispatch Board as of June 30, 2008 totaled \$0.

On June 14, 2002, Campbell County Fiscal Court entered into a six-year lease with the Kentucky Association of Counties Leasing Trust (KACoLT) for the purpose of leasing dispatch equipment for the Campbell County Consolidated Dispatch Board. In June 2002, the first drawdown was made on this lease for the purchase of dispatch equipment and furniture. The remaining draw downs were made in the fiscal year ended June 2003. As of June 30, 2008 the remaining balance totaled \$0.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 7. Long-term Debt (Continued)

F. Mortgage Payable (Lakeside Terrace Apartments)

The mortgage payable as of June 30, 2008 represents a permanent building loan provided by HUD. The balance due as of June 30, 2008 was \$137,812. The monthly installments for principal and interest at June 30 are \$10,375 with a maturity date of February 1, 2010. Interest is being charged at 8.5%. The mortgage note is secured by the apartment project.

Maturities of the principal of the mortgage note are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Business-Type Activities Amount</u>
2009	\$ 117,288
2010	20,524
Totals	<u>\$ 137,812</u>

The fair value of the mortgage payable is estimated based on the current rates offered to the Project for debt of the same remaining maturities. At June 30, 2008, the fair value of the mortgage payable approximates the amount recorded in the financial statements.

G. Related Party Note Payable

During the year ended June 30, 2008 the Campbell County Fiscal Court loaned Lakeside Terrace Apartments HUD Project No. 083-44012-236 \$95,500. This loan is to be repaid over seven and one half years with the first payment due in January 2008. The balance due as of June 30, 2008, was \$89,133. No interest is being charged. The repayment schedule is as follows:

2009	\$12,733
2010	12,732
2011	12,732
2012	12,732
2013	12,732
Thereafter	<u>25,472</u>
	<u>\$ 89,133</u>

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 7. Long-term Debt (Continued)

H. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Compensated Absences	\$ 50,123	\$ 3,561	\$ 6,465	\$ 47,219	\$ 16,038
General Obligation Public Refunding Bonds	1,795,000		135,000	1,660,000	145,000
General Obligation Public Project Bonds	12,900,000		520,000	12,380,000	545,000
KACO Leasing Trust Financing Obligations	361,773		361,773		
First Mortgage Refunding and Improvement Revenue Bond Series 1997	1,820,000		245,000	1,575,000	255,000
First Mortgage Refunding Revenue Bonds Series 1998	470,000		165,000	305,000	170,000
Governmental Activities Long-term Liabilities	<u>\$ 17,396,896</u>	<u>\$ 3,561</u>	<u>\$ 1,433,238</u>	<u>\$ 15,967,219</u>	<u>\$ 1,131,038</u>
<u>Business Type Activities:</u>					
Mortgage Payable	\$ 245,574		\$ 107,762	\$ 137,812	\$ 117,288
Total	<u>\$ 17,642,470</u>	<u>\$ 3,561</u>	<u>\$ 1,541,000</u>	<u>\$ 16,105,031</u>	<u>\$ 1,248,326</u>

Note 8. Interest on Long-term Debt and Financing Obligations

Debt Service on the Statement of Activities includes \$18,699 in interest on financing obligations and \$695,551 in interest on bonds and notes.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 9. Employee Retirement System

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 16.17 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 33.87 percent.

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

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

The County's CERS contribution totaled \$1,158,989 for the year ended June 30, 2007 and \$1,665,685 for the year ended June 30, 2008 which equaled the required contribution amounts.

Note 10. Insurance

For the fiscal year ended June 30, 2008, Campbell County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Estimated Infrastructure Historical Cost

Historical cost of infrastructure placed in service prior to the fiscal year ended June 30, 2003 (year of GASB 34 implementation) is an estimate. For those assets, the primary government estimated the year this infrastructure was built by determining when a major reconstruction had been done on infrastructure. This estimate was used to calculate the infrastructure historical cost by determining current year construction cost and deflating it back to the estimated year of construction or reconstruction. Estimated infrastructure historical cost includes infrastructure placed in service from fiscal year 1984 through June 30, 2002. All infrastructure assets placed in service during the fiscal year ended June 30, 2003 and thereafter are recorded at actual historical cost.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 12. Concentrations of Business Risk

Lakeside Terrace Apartments' sole asset is a 96-unit apartment project. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, 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 very little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

The Housing Choice Voucher 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 regulatory agencies 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 very 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 contributions from HUD. For the year ended June 30, 2008, approximately 99.6% of the Program's total revenue was received from that source.

Note 13. Subsequent Events

The Campbell County Fiscal Court issued \$9,760,000 of General Obligation Public Project Bonds dated September 3, 2008. The interest is payable semiannually on January 1 and July 1 beginning January 1, 2009 at rates ranging from 3.00% to 4.50%. The bonds mature in varying amounts (from \$115,000 to \$730,000) on January 1 of each year from 2009 through 2028.

Note 14. Prior Period Adjustment

The net assets of the General Obligation Bond/Construction Fund account as of July 1, 2007 have been restated by \$(2,345) to remove the bond paying agent account from the financial statements. The bonds are recorded as 'paid' from their respective funds.

Note 15. Negative Fund Balance in General Obligation Bond/Construction Fund

As of June 30, 2008 the General Obligation Bond/Construction Fund had a negative fund balance of \$651,917. The General Fund had loaned the General Bond/Construction Fund account \$655,000 to pay for construction costs on the new administration building in anticipation of selling bonds. These bonds were not sold until fiscal year ending June 30, 2009. The \$655,000 is reflected as a liability in the General Obligation Bond/Construction Fund as of June 30, 2008.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 16. Interfund Transactions

The following is a list of interfund transactions as of June 30, 2008:

	Totals	General Fund	Road Fund	Jail Fund	(TANK) Payroll Tax Fund	General Obligation Bond/ Construction Fund	Public Properties Fund	Mental Health Fund
General Fund	\$	\$ (187,000) 1	\$	\$	\$	\$ 187,000 1	\$	\$
General Fund		(93,626) 3					93,626 3	
General Fund		(450,000) 1				450,000 1		
General Fund		1,785,000 1			(1,785,000) 1			
Road Fund			1,710,000 1		(1,710,000) 1			
Jail Fund				(195,360) 3			195,360 3	
Public Properties Fund						350,000 2	(350,000) 2	
(TANK) Payroll Tax Fund								
General Obligation/ Bond Construction Fund								
Public Properties Fund								
General		184,900 1						(184,900)
Jail Fund				25,000 1				(25,000)
Jail Fund		3,252 1				(3,252) 1		
General Fund		(3,625,215) 1		3,625,215 1				
Total Transfers From Other Funds	8,609,353	1,973,152	1,710,000	3,650,215		987,000	288,986	
Total Transfers To Other Funds	(8,609,353)	(4,355,841)		(195,360)	(3,495,000)	(3,252)	(350,000)	(209,900)

1. To remove resources from the funds recording to the revenue to the funds that will expend them.
2. Transfer from Public Properties to General Obligation Bond/Construction Fund is Contribution to Fiscal Court.
3. To move resources from the fund recording the revenue to the fund paying the debt service.

Note 17. Disaggregation of Accounts Payable

The following is a list of accounts payable by function as of June 30, 2008:

	Totals	General Fund	Road Fund	Jail Fund	GO Bond Construction Fund	Housing Choice Voucher Program	Senior Citizens Tax	Mental Health Tax
General Government	\$ 70,289	\$ 70,289	\$	\$	\$		\$	\$
Protection To Persons and Property	141,739	26,337		115,402				
General Health and Sanitation	16,775	6,339						10,436
Social Services	70,840	1,219				44,767	24,854	
Recreation and Culture	22,425	22,425						
Roads	72,398		72,398					
Capital Projects	191,753	6,244			185,509			
Administration	13,648	13,648						
	<u>\$ 599,867</u>	<u>\$ 146,501</u>	<u>\$ 72,398</u>	<u>\$ 115,402</u>	<u>\$ 185,509</u>	<u>\$ 44,767</u>	<u>\$ 24,854</u>	<u>\$ 10,436</u>

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2008
(Continued)

Note 17. Disaggregation of Accounts Payable (Continued)

	<u>Jail Canteen</u>
Business Type Activities	
Payments to Suppliers	<u>\$ 6,229</u>

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information

For The Year Ended June 30, 2008

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information

For The Year Ended June 30, 2008

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,889,020	\$ 8,889,020	\$ 8,330,748	\$ (558,272)
Excess Fees	774,700	774,700	806,502	31,802
Licenses and Permits	246,300	246,300	162,127	(84,173)
Intergovernmental Revenue	937,780	937,780	752,552	(185,228)
Charges for Services	34,000	34,000	31,873	(2,127)
Miscellaneous	1,285,190	1,484,190	1,696,259	212,069
Interest	314,000	314,000	270,168	(43,832)
Total Revenues	<u>12,480,990</u>	<u>12,679,990</u>	<u>12,050,229</u>	<u>(629,761)</u>
EXPENDITURES				
General Government	3,863,720	3,481,130	3,012,237	468,893
Protection to Persons and Property	2,646,200	2,718,800	2,571,070	147,730
General Health and Sanitation	379,790	410,290	372,328	37,962
Social Services	147,260	754,160	745,151	9,009
Recreation and Culture	496,220	491,720	424,824	66,896
Debt Service	733,210	733,210	725,913	7,297
Capital Projects	618,000	1,609,000	1,418,548	190,452
Administration	3,535,540	3,055,630	2,830,475	225,155
Total Expenditures	<u>12,419,940</u>	<u>13,253,940</u>	<u>12,100,546</u>	<u>1,153,394</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>61,050</u>	<u>(573,950)</u>	<u>(50,317)</u>	<u>523,633</u>
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	(3,451,000)	(3,751,500)	(4,730,215)	(978,715)
Transfers From Other Funds	1,840,050	1,840,050	1,973,153	133,103
Total Other Financing Sources(Uses)	<u>(1,610,950)</u>	<u>(1,911,450)</u>	<u>(2,757,062)</u>	<u>(845,612)</u>
Net Changes in Fund Balance	(1,549,900)	(2,485,400)	(2,807,379)	(321,979)
Fund Balance - Beginning	1,549,900	2,485,400	6,611,243	4,125,843
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,803,864</u>	<u>\$ 3,803,864</u>

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
For The Year Ended June 30, 2008
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 100	\$ 100	\$	\$ (100)
Intergovernmental Revenue	1,257,550	1,257,550	1,233,917	(23,633)
Miscellaneous	3,000	3,000	10,492	7,492
Interest	10,000	10,000	14,259	4,259
Total Revenues	<u>1,270,650</u>	<u>1,270,650</u>	<u>1,258,668</u>	<u>(11,982)</u>
EXPENDITURES				
Roads	2,241,250	2,285,050	1,710,491	574,559
Debt Service	91,250	91,250	89,110	2,140
Capital Projects	680,600	654,600	577,829	76,771
Administration	425,520	407,720	396,502	11,218
Total Expenditures	<u>3,438,620</u>	<u>3,438,620</u>	<u>2,773,932</u>	<u>664,688</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(2,167,970)</u>	<u>(2,167,970)</u>	<u>(1,515,264)</u>	<u>652,706</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	2,045,000	2,045,000	1,710,000	(335,000)
Total Other Financing Sources(Uses)	<u>2,045,000</u>	<u>2,045,000</u>	<u>1,710,000</u>	<u>(335,000)</u>
Net Changes in Fund Balance	(122,970)	(122,970)	194,736	317,706
Fund Balance - Beginning	<u>122,970</u>	<u>122,970</u>	<u>209,035</u>	<u>86,065</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 403,771</u>	<u>\$ 403,771</u>

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
For The Year Ended June 30, 2008
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 3,732,300	\$ 3,732,300	\$ 3,628,833	\$ (103,467)
Charges for Services	191,500	191,500	224,318	32,818
Miscellaneous	250,500	250,500	283,911	33,411
Interest	5,000	5,000	9,029	4,029
Total Revenues	<u>4,179,300</u>	<u>4,179,300</u>	<u>4,146,091</u>	<u>(33,209)</u>
EXPENDITURES				
Protection to Persons and Property	4,915,030	5,231,630	4,989,792	241,838
Debt Service	790,710	1,027,210	1,021,318	5,892
Administration	1,855,050	1,577,450	1,446,315	131,135
Total Expenditures	<u>7,560,790</u>	<u>7,836,290</u>	<u>7,457,425</u>	<u>378,865</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(3,381,490)</u>	<u>(3,656,990)</u>	<u>(3,311,334)</u>	<u>345,656</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	3,276,000	3,551,500	3,650,215	98,715
Total Other Financing Sources(Uses)	<u>3,276,000</u>	<u>3,551,500</u>	<u>3,650,215</u>	<u>98,715</u>
Net Changes in Fund Balance	(105,490)	(105,490)	338,881	444,371
Fund Balance - Beginning	<u>105,490</u>	<u>105,490</u>	<u>61,093</u>	<u>(44,397)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 399,974</u>	<u>\$ 399,974</u>

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
For The Year Ended June 30, 2008
(Continued)

	(TANK) PAYROLL TAX FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,211,900	\$ 7,211,900	\$ 7,547,666	\$ 335,766
Intergovernmental Revenue	400,000	400,000	358,601	(41,399)
Miscellaneous			2,485	2,485
Interest	110,000	110,000	131,759	21,759
Total Revenues	<u>7,721,900</u>	<u>7,721,900</u>	<u>8,040,511</u>	<u>318,611</u>
EXPENDITURES				
General Government	30,000	30,000	37,326	(7,326)
Bus Services	4,509,000	4,509,000	4,470,482	38,518
Capital Projects	1,000,000	1,000,000		1,000,000
Administration	305,000	305,000	6,815	298,185
Total Expenditures	<u>5,844,000</u>	<u>5,844,000</u>	<u>4,514,623</u>	<u>1,329,377</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,877,900</u>	<u>1,877,900</u>	<u>3,525,888</u>	<u>1,647,988</u>
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	<u>(3,495,000)</u>	<u>(3,495,000)</u>	<u>(3,495,000)</u>	
Total Other Financing Sources(Uses)	<u>(3,495,000)</u>	<u>(3,495,000)</u>	<u>(3,495,000)</u>	
Net Changes in Fund Balance	(1,617,100)	(1,617,100)	30,888	1,647,988
Fund Balance - Beginning	<u>1,617,100</u>	<u>1,617,100</u>	<u>3,639,741</u>	<u>2,022,641</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,670,629</u>	<u>\$ 3,670,629</u>

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS
Required Supplementary Information
For The Year Ended June 30, 2008
(Continued)

HOUSING CHOICE VOUCHER PROGRAM

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	REVENUES			
Intergovernmental Revenue	\$ 3,240,690	\$ 3,240,690	\$ 3,869,949	\$ 629,259
Interest	18,200	18,200	13,974	(4,226)
Total Revenues	<u>3,258,890</u>	<u>3,258,890</u>	<u>3,883,923</u>	<u>625,033</u>
EXPENDITURES				
General Government	118,100	118,100	393,855	(275,755)
Social Services	3,148,150	3,148,150	3,216,701	(68,551)
Total Expenditures	<u>3,266,250</u>	<u>3,266,250</u>	<u>3,610,556</u>	<u>(344,306)</u>
Net Changes in Fund Balance	(7,360)	(7,360)	273,367	280,727
Fund Balance - Beginning	<u>7,360</u>	<u>7,360</u>	<u>193,044</u>	<u>185,684</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 466,411</u>	<u>\$ 466,411</u>

CAMPBELL COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2008

Note 1. Budgetary Information

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

In the required supplementary information, the budgetary comparison of the Housing Choice Voucher Program includes the original budget adopted by the Campbell County Fiscal Court along with budget to actual information. Campbell County Fiscal Court is not required to budget nor amend throughout the year. The Housing Choice Voucher Program has overspent the original budget as shown on page 71.

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

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

Note. 2 Budgetary Basis vs. GAAP

Accounting principles applied for purposes of developing data on budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles.

	General	Road	Jail	TANK
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>Sources/Inflows of Resources</u>				
Actual Amount (Budgetary Basis)	\$ 12,050,229	\$ 1,258,668	\$ 4,146,091	\$ 8,040,511
Differences - (Budget to GAAP)				
The County budgets for revenues only to the extent they are expected to be received rather than on the modified accrual basis.	439,723	(289,320)	321,900	(78,750)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,489,952</u>	<u>\$ 969,348</u>	<u>\$ 4,467,991</u>	<u>\$ 7,961,761</u>

CAMPBELL COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008
(Continued)

Budgetary vs GAAP (Continued)

	General	Road	Jail	TANK
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>Uses/Outflows of Resources</u>				
Actual Amount (Budgetary Basis)	\$ 12,100,546	\$ 2,773,932	\$ 7,457,425	\$ 4,514,623
Differences - (Budget to GAAP)				
The County budgets for claims only to the extent they are expected to be paid rather than on the modified accrual basis.	(185,547)	(479,447)	(177,661)	
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 11,914,999</u>	<u>\$ 2,294,485</u>	<u>\$ 7,279,764</u>	<u>\$ 4,514,623</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>Other Financing Sources(Uses)</u>				
Actual Amount (Budgetary Basis)	\$ (2,757,062)	\$ 1,710,000	\$ 3,650,215	\$ (3,495,000)
Differences - (Budget to GAAP)				
The County budgets for transfers only to the extent they are expected to be transferred rather than on the modified accrual basis.	374,374	0	(195,360)	0
Total Other Financing Sources(Uses) as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ (2,382,688)</u>	<u>\$ 1,710,000</u>	<u>\$ 3,454,855</u>	<u>\$ (3,495,000)</u>

CAMPBELL COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008
(Continued)

Budgetary vs GAAP (Continued)

	General	Road	Jail	TANK
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>Ending Fund Balances</u>				
Actual Amount (Budgetary Basis)	\$ 3,803,864	\$ 403,771	\$ 399,974	\$ 3,670,629
Differences - (Budget to GAAP)				
The County budgets for transactions only to the extent they are expected to be carried out rather than on the modified accrual basis.	1,236,672	149,738	529,391	2,219,915
Total Ending Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances				
Balances - Governmental Funds	<u>\$ 5,040,536</u>	<u>\$ 553,509</u>	<u>\$ 929,365</u>	<u>\$ 5,890,544</u>

**CAMPBELL COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
Other Supplementary Information**

June 30, 2008

CAMPBELL COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
Other Supplementary Information

June 30, 2008

	<u>Speical Revenue Funds</u>				Total Non-Major Governmental Funds
	LGEA Fund	Senior Citizens Tax Fund	Mental Health Tax Fund	Developer Road Escrow Fund	
ASSETS					
Cash and Cash Equivalents	\$ 14,959	\$ 260,742	\$ 272,375	\$ 166,805	\$ 714,881
Accounts Rec - Taxes		105,304	210,585		315,889
Accounts Rec - Intergovernmental		5,550			5,550
Total Assets	<u>14,959</u>	<u>371,596</u>	<u>482,960</u>	<u>166,805</u>	<u>1,036,320</u>
LIABILITIES AND FUND BALANCES					
LIABILITES					
Accounts Payable		24,854	10,436		35,290
Accrued Salaries and Payroll Taxes		2,985			2,985
Total Liabilities		<u>27,839</u>	<u>10,436</u>		<u>38,275</u>
FUND BALANCES					
Unreserved:					
Special Revenue Funds	<u>14,959</u>	<u>343,757</u>	<u>472,524</u>	<u>166,805</u>	<u>998,045</u>
Total Fund Balances	<u>14,959</u>	<u>343,757</u>	<u>472,524</u>	<u>166,805</u>	<u>998,045</u>
Total Liabilities and Fund Balances	<u>\$ 14,959</u>	<u>\$ 371,596</u>	<u>\$ 482,960</u>	<u>\$ 166,805</u>	<u>\$ 1,036,320</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

CAMPBELL COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information
For The Year Ended June 30, 2008

CAMPBELL COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

For The Year Ended June 30, 2008

	Special Revenue Funds			
	LGEA Fund	Senior Citizens Tax Fund	Mental Health Tax Fund	Developer Road Escrow Fund
REVENUES				
Taxes	\$	\$ 416,812	\$ 833,539	\$
Intergovernmental	33,839	62,122	5,717	
Miscellaneous		20,905	944	10,628
Interest	1,745	11,827	14,909	5,904
Total Revenues	<u>35,584</u>	<u>511,666</u>	<u>855,109</u>	<u>16,532</u>
EXPENDITURES				
General Government		2,065	4,133	
General Health and Sanitation			680,842	
Social Services		459,790	10,000	
Roads	50,791			3,300
Debt Service		12,853		
Administration		30,155		
Total Expenditures	<u>50,791</u>	<u>504,863</u>	<u>694,975</u>	<u>3,300</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(15,207)</u>	<u>6,803</u>	<u>160,134</u>	<u>13,232</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds				
Transfers To Other Funds			(209,900)	
Total Other Financing Sources (Uses)			<u>(209,900)</u>	
Net Change in Fund Balances	(15,207)	6,803	(49,766)	13,232
Fund Balances - Beginning	30,166	336,954	522,290	153,573
Fund Balances - Ending	<u>\$ 14,959</u>	<u>\$ 343,757</u>	<u>\$ 472,524</u>	<u>\$ 166,805</u>

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

CAMPBELL COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information
For The Year Ended June 30, 2008
(Continued)

<u>Special Revenue Fund</u>	<u>Total Non-Major Governmental Funds</u>
\$ 215,000	\$ 1,250,351
	316,678
	32,477
	34,385
<u>215,000</u>	<u>1,633,891</u>
	6,198
	680,842
215,000	684,790
	54,091
	12,853
	30,155
<u>215,000</u>	<u>1,468,929</u>
	164,962
	<u>(209,900)</u>
	<u>(209,900)</u>
	(44,938)
	1,042,983
<u>\$ 998,045</u>	

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

THIS PAGE LEFT BLANK INTENTIONALLY

CAMPBELL COUNTY
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS
Other Supplementary Information
June 30, 2008

CAMPBELL COUNTY
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS
OTHER SUPPLEMENTARY INFORMATION

June 30, 2008

	Agency Funds				
	Jail Inmate Account	Employee Fund Account	Senior Citizens Account	Performance Bond Account	Total Agency Funds
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 15,368	\$ 11,795	\$ 6,791	\$ 6,045	\$ 39,999
Total Assets	15,368	11,795	6,791	6,045	39,999
Liabilities					
Amounts Held In Custody For Othe	15,368	11,795	6,791	6,045	39,999
Total Liabilities	15,368	\$ 11,795	\$ 6,791	\$ 6,045	\$ 39,999
Net Assets					
Total Net Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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

THIS PAGE LEFT BLANK INTENTIONALLY

**CAMPBELL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2008

CAMPBELL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2008

Federal Grantor	Pass-Through	
Program Title	Grantor's Number	Expenditures
<u>Grant Name (CFDA #)</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
U.S. Department of Housing and Urban Development		
Direct Program:		
Section 8 Housing Choice Voucher Program		
CFDA #14.871	N/A	\$ 3,615,524
Mortgage Insurance - Rental Housing for the Elderly		
Section 236 Direct Loan		
CFDA #14.138	N/A	137,811
Operating Assistance for Troubled Multifamily Housing Projects		
Section 201 Flexible Subsidy Loan		
CFDA #14.164	N/A	151,464
Public Housing Capital Fund		
CFDA #14.872	N/A	46,206
Passed-Through Department For Local Development:		
Community Development Block Grant/State's Program		
Campbell County Homebuyer Assistance Program		
CFDA #14.228	NA	<u>215,000</u>
Total U.S. Department of Housing and Urban Development		<u>4,166,005</u>
<u>U.S. Department of Homeland Security</u>		
Passed-Through State Department of Military Affairs:		
Emergency Management Performance Grant		
CFDA # 97.042	N/A	<u>31,646</u>
<u>U.S. Department of Justice</u>		
Direct Program:		
Bulletproof Vest Partnership Program		
CFDA #16.607	N/A	398
Local Law Enforcement Assistance Block Grant Program		
CFDA # 16.592	N/A	3,400
Supervised Visitation & Safe Havens for Children		
CFDA #16.527	N/A	<u>26,085</u>
Total U.S. Department of Justice		<u>29,883</u>
Total Cash Expenditures of Federal Awards		<u>\$ 4,227,534</u>

CAMPBELL COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2008

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

**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**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbell County, Kentucky, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated September 22, 2009. Other auditors audited the financial statements of the Campbell County Fiscal Court Housing Department Housing Choice Voucher Program, the Campbell County Public Properties Corporation, the Lakeside Terrace Apartments HUD Project No. 083-44-12-236, and the A.J. Jolly Park as described in our report on Campbell County's financial statements. Our report was modified to include a reference to the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control over financial reporting. We consider the deficiency described in the schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.



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

Internal Control Over Financial Reporting (Continued)

- Several instances were noted in which a tenant qualified for HUD assistance but they were not included on the request for payment form by the project which is submitted to HUD monthly to obtain reimbursement for those who qualify

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above to be a material weakness.

Compliance And Other Matters

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

This report is intended solely for the information and use of management, the Campbell County Fiscal Court, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

September 22, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Campbell County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. We did not audit the compliance of the Campbell County Housing Choice Voucher Program. Compliance requirements described in the OMB Circular A-133 Compliance Supplement applicable to the Campbell County Housing Choice Voucher Program were audited by other auditors. Our opinion presented herein, insofar as it relates to the Campbell County Housing Choice Voucher Program is based solely on the report of other auditors. Campbell County's major federal program is identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Campbell County's management. Our responsibility is to express an opinion on Campbell County's compliance based on our audit.

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

In our opinion based on our report and the reports of other auditors, Campbell County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.



Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

September 22, 2009

CAMPBELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2008

CAMPBELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses unqualified opinions on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbell County, Kentucky.
2. One significant deficiency relating to the internal control of the audit of the financial statements is reported in the Independent Auditor's Report. This finding is not considered a material weakness.
3. No instances of noncompliance material to the financial statements of Campbell County are disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Campbell County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Campbell County reported in Part C of this schedule.
7. The program tested as a major program was: Section 8 Housing Choice Voucher Program (14.871)
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Campbell County was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

- Several Instances Were Noted In Which A Tenant Qualified For HUD Assistance But They Were Not Included On The Request For Payment Form By The Project Which Is Submitted To HUD Monthly To Obtain Reimbursement For Those Who Qualify

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

None

D. PRIOR YEAR FINDINGS FINANCIAL STATEMENT AUDIT

Reference Number 2007-01: The Fiscal Court Should Set Up All Capital Assets In Their Capital Asset Software Prior To The Audit

This comment has been corrected and is not repeated in the current year.

Reference Number 2007-02: A Prior Period Adjustment Is Shown Related To The Housing Choice Voucher Program

This comment has been corrected and is not repeated in the current year.

THIS PAGE LEFT BLANK INTENTIONALLY

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

CAMPBELL COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2008**

Appendix A

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

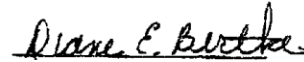
CAMPBELL COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2008**

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



Judge Executive



County Treasurer

