

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

**For The Fiscal Year Ended  
June 30, 2015**



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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

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

The enclosed report prepared by Dean Dorton Allen Ford, PLLC, Certified Public Accountants, presents the financial statements of the governmental activities, 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, 2015, which collectively comprise the County's basic financial statements.

We engaged Dean Dorton Allen Ford, PLLC to perform the audit of these financial statements. We worked closely with the firm during our report review process; Dean Dorton Allen Ford, PLLC evaluated the Campbell County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon".

Mike Harmon  
Auditor of Public Accounts

Enclosure





**EXECUTIVE SUMMARY**  
**AUDIT OF THE**  
**CAMPBELL COUNTY FISCAL COURT**

**June 30, 2015**

Dean Dorton Allen Ford, PLLC has completed the audit of the Campbell County Fiscal Court (the Fiscal Court) for fiscal year ended June 30, 2015.

They have issued unmodified opinions, based on their audit and the audits of Clark Schaefer Hackett and Van Gorder, Walker & Co., Inc., on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information financial statements of Campbell County, Kentucky.

In accordance with OMB Circular 133, they have also issued an unmodified opinion on the compliance requirements that are applicable to Campbell County Fiscal Court's major federal programs: U.S. Department of Housing and Urban Development Housing Choice Voucher Program (CFDA #14.871) and Community Development Block Grants (CFDA #14.288) for the year ended June 30, 2015.

**Financial Condition:**

The Fiscal Court had total net position of \$29,071,683 as of June 30, 2015. The Fiscal Court had an unrestricted net position of \$2,740,689 in its Governmental Activities as of June 30, 2015, with total net position of \$28,195,184. In its Business-Type Activities, total net cash and cash equivalents were \$529,310 with total net position of \$876,499. The Fiscal Court had total debt principal as of June 30, 2015 of \$19,188,790 with \$1,527,020 due within the next year.

**Report Comments:**

- 2015-001 The Jailer Was Not Paid In Accordance With The Maximum Salary Authorization Set For Calendar Year 2014
- 2015-002 Section 8 Housing Choice Vouchers Program Did Not Submit Financial Information Timely

**Deposits:**

The Fiscal Court's deposits were insured and collateralized by bank securities.



CONTENTS

PAGE

INDEPENDENT AUDITORS' REPORT .....	1
CAMPBELL COUNTY OFFICIALS.....	5
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	6
STATEMENT OF NET POSITION .....	17
STATEMENT OF ACTIVITIES .....	19
BALANCE SHEET - GOVERNMENTAL FUNDS.....	22
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION.....	25
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS.....	27
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES .....	37
STATEMENT OF NET POSITION - PROPRIETARY FUNDS .....	32
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS .....	34
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS.....	36
STATEMENT OF NET POSITION - FIDUCIARY FUNDS.....	53
NOTES TO FINANCIAL STATEMENTS .....	55
BUDGETARY COMPARISON SCHEDULES .....	85
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION.....	91
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS .....	95
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS .....	99
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS .....	103
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	107
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	108
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	88
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	91
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	95







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### Independent Auditors' Report

#### **Report on the Financial Statements**

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, 2015, and the related notes to the financial statements, which collectively comprise Campbell County, Kentucky's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the entities below. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based upon the reports of other auditors. Those entities were:

##### Within Governmental Funds:

- Campbell County Fiscal Court Housing Department Housing Choice Voucher Program, a major Special Revenue Fund.

##### Within Proprietary Funds:

- A.J. Jolly Park.

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### **Auditor's Responsibility (Continued)**

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

	<b>Percent of Assets</b>	<b>Percent of Revenues</b>
<b>Government-Wide Financial Statements</b>		
Primary Government - Governmental Activities	0.26%	9.45%
Primary Government - Business-Type Activities	51.24%	0.00%
<b>Fund Financial Statements</b>		
Governmental Funds	0.86%	9.46%
Proprietary Funds	51.24%	0.00%

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, based on our audit and the report of the 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### **Emphasis of Matter**

As discussed in Note 16 to the financial statements, effective July 1, 2014, the County adopted Governmental Accounting Standards Board Statement No. 68 “Accounting and Financial Reporting for Pensions.” Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and Budgetary Comparison Schedules on pages 6 through 14 and 70 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Campbell County, Kentucky’s basic financial statements. The combining governmental and fiduciary fund financial statements and the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining governmental and fiduciary fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining governmental and fiduciary fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Campbell County, Kentucky's internal control over financial reporting and compliance.

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

- 2015-001 The Jailer Was Not Paid In Accordance With The Maximum Salary Authorization Set For Calendar Year 2014
- 2015-002 Section 8 Housing Choice Vouchers Program Did Not Submit Financial Information Timely

*Dean Dotson Allen Ford, PLLC*

Louisville, Kentucky  
February 16, 2016

CAMPBELL COUNTY OFFICIALS

For The Year Ended June 30, 2015

**Fiscal Court Members:**

Steve Pendery	County Judge/Executive
Brian Painter	Commissioner
Charlie Coleman	Commissioner
Tom Lampe	Commissioner

**Other Elected Officials:**

Steven J. Franzen	County Attorney
James A. Daley	Jailer
Jim Luersen	County Clerk
Taunya Nolan Jack	Circuit Court Clerk
Mike Jansen	Sheriff
Daniel Braun	Property Valuation Administrator
Mark Schweitzer	Coroner

**Appointed Personnel:**

Diane E. Bertke	County Treasurer
Brett Burcham	Occupational Tax Collector
Marie Schenkel	Finance Officer
Matthew W. Elberfeld	County Administrator

**Campbell County**  
**Management's Discussion and Analysis**  
**June 30, 2015**

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, 2015. 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's net position was \$29,071,683 as of June 30, 2015, of which \$2,689,362 is unrestricted. In the enterprise funds, cash and cash equivalents were \$529,310, with total net position of \$876,499. Total debt principal as of June 30, 2015 was \$19,130,000 with \$1,520,000 due within one year.
- ⊙ The government's total net position increased by \$2,612,944 during the current year. Revenues increased overall by approximately 4% and expenses remained relatively flat compared to the prior year due primarily to deferring certain projects from fiscal year 2015 to fiscal year 2016.
- ⊙ At the close of the current fiscal year, Campbell County's balance sheet for Governmental Funds reported a fund balance of \$17,854,384. Of this amount, \$13,989,810 is available for spending at the government's discretion (unreserved fund balance).

**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.

**Overview of the Financial Statements (Continued)**

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.

**Campbell County**  
**Management's Discussion and Analysis**  
**June 30, 2015**  
**(Continued)**

**Overview of the Financial Statements (Continued)**

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, and social services. The County has three business type activities: A.J. Jolly Park, A.J. Jolly Golf Course and the Jail Canteen Fund.

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 one such entity: the Campbell County A.J. Jolly Park (Public Properties Corporation). This is known as a blended component unit.

**Government-wide Financial Statements**

**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 two broad categories: *governmental funds and proprietary funds*.

**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 multiple 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, Capital Projects, (TANK) Payroll Tax, and the Housing Choice Voucher Program funds, all of which are considered major funds by the County. The Senior Citizen Tax, Mental Health Tax, Developer Road Escrow and the 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 each of these funds to demonstrate compliance with their budgets.

**Campbell County**  
**Management's Discussion and Analysis**  
**June 30, 2015**  
**(Continued)**

**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 A.J. Jolly Golf Course and Jail Canteen funds. The A.J. Jolly Park fund is considered a non-major fund.

**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.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014 ( As Previously Reported)	2015	2014 ( As Previously Reported)	2015	2014 ( As Previously Reported)
<b>Assets</b>						
Current assets	\$ 18,897,711	\$ 16,572,118	\$ 535,473	\$ 416,277	\$ 19,433,184	\$ 16,988,395
Capital assets	42,130,056	41,330,057	719,125	671,835	42,849,181	42,001,892
Other assets						
Total assets	61,027,767	57,902,175	1,254,598	1,088,112	62,282,365	58,990,287
<b>Deferred Outflows of Resources</b>						
Deferred Amount on Pension						
Plan Contributions	1,804,627		43,989		1,848,616	
Loss on refunding debt	516,772				516,772	
Total Deferred Outflows of Resources	2,321,399		43,989		2,365,388	
<b>Liabilities</b>						
Current and other liabilities	2,570,347	2,259,470	53,389	68,311	2,623,736	2,327,781
Long-term liabilities	31,135,497	16,383,481	332,837		31,468,334	16,383,481
Total liabilities	33,705,844	18,642,951	386,226	68,311	34,092,070	18,711,262
<b>Deferred Inflows of Resources</b>						
Deferred Amount Related to Pension Plan	1,448,138		35,862		1,484,000	
<b>Net Position</b>						
Net investment in capital assets	22,941,266	24,993,817	719,125	671,835	\$ 23,660,391	25,665,652
Restricted	2,513,229	629,817		208,701	2,513,229	838,518
Unrestricted	2,740,689	13,635,590	157,374	139,265	2,898,063	13,774,855
Total net position	\$ 28,195,184	\$ 39,259,224	\$ 876,499	\$ 1,019,801	\$ 29,071,683	\$ 40,279,025



**Management's Discussion and Analysis**  
**June 30, 2015**  
**(Continued)**

**Government-wide Financial Analysis (Continued)**

**Changes in Net Position**

*Governmental Activities.* Campbell County's net position increased \$2,413,936 during fiscal year 2015; key elements of this are as follows:

- Current assets and cash increased \$2,325,593. This was primarily due to a deferral of certain expenditures and a slight increase in revenue during the fiscal year.
- Investment in capital assets, net of related debt decreased \$2,052,551. This was primarily due to the addition of debt related to the expansion of the jail.
- Current and long-term liabilities increased \$15,062,893. This includes a one-time retroactive increase related to a change in accounting for pension liabilities required by the adoption of GASB 68. The net pension liability at the end of fiscal year 2015 was \$13,773,000. The implementation of GASB Statement No. 68 also resulted in the County recognizing deferred inflows and outflows of resources on the Government-Wide Statement of Net Position.
- Revenues were \$35,439,635 as reflected in the Statement of Revenues and Expenditures.
- Expenditures totaled \$32,765,699 as reflected in the Statement of Revenues and Expenditures.

*Business-type Activities.* Campbell County's net position for these activities increased \$199,008. This is primarily due to additional support for the golf course provided by the Fiscal Court and an increase in profits on commissary sales.

**Campbell County**  
**Management's Discussion and Analysis**  
**June 30, 2015**  
**(Continued)**

**Table 2**  
**Campbell County's Consolidated Statement of Activities**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 4,451,268	\$ 4,115,213	\$ 987,183	\$ 791,105	\$ 5,438,451	\$ 4,906,318
Operating Grants and Contributions	6,652,332	6,808,305			6,652,332	6,808,305
Capital Grants and Contributions	1,079,432	1,086,773			1,079,432	1,086,773
<i>General Revenues:</i>						
Property Taxes	9,112,175	8,728,904			9,112,175	8,728,904
Occupational Taxes	9,616,591	9,215,052			9,616,591	9,215,052
Other Taxes	3,339,067	3,037,951			3,339,067	3,037,951
Excess Fees	993,957	844,525			993,957	844,525
Other	194,813	346,672	36	56	194,849	346,728
<b>Total Revenues</b>	<b>35,439,635</b>	<b>34,183,395</b>	<b>987,219</b>	<b>791,161</b>	<b>36,426,854</b>	<b>34,974,556</b>
<b>Expenses:</b>						
<i>Governmental Activities:</i>						
General Government	9,423,585	10,049,203			9,423,585	10,049,203
Protective Services	9,498,993	9,427,594			9,498,993	9,427,594
Health and Sanitation	1,181,396	1,172,250			1,181,396	1,172,250
Housing Services	494,500				494,500	
Social Services	4,041,122	4,268,874			4,041,122	4,268,874
Recreation and Culture	456,136	457,992			456,136	457,992
Roads	2,503,109	2,822,733			2,503,109	2,822,733
Bus Service	4,443,844	4,281,803			4,443,844	4,281,803
Debt Service	583,033	718,813			583,033	718,813
Other Fiscal Charges	74,491				74,491	
Capital Projects	65,490	262,890			65,490	262,890
<i>Business Type Activities:</i>						
Jail Canteen			120,529	101,375	120,529	101,375
A.J. Jolly Golf Course			898,693		898,693	
A.J. Jolly Park			28,989	807,640	28,989	807,640
<b>Total Expenses</b>	<b>32,765,699</b>	<b>33,462,152</b>	<b>1,048,211</b>	<b>909,015</b>	<b>33,813,910</b>	<b>34,371,167</b>
Transfers	(260,000)	(179,000)	260,000	169,000		(10,000)
Change in net position	2,413,936	542,243	199,008	51,146	2,612,944	593,389
Net Position-Beginning	39,259,224	38,716,981	1,019,801	968,655	40,279,025	39,685,636
Adjustment for assets previously expensed (Note 16)	344,714				344,714	
Adjustment applicable to prior years resulting from the retroactive change in accounting for pensions upon adoption of a new accounting pronouncement (Note 16)	(13,822,690)		(342,310)		(14,165,000)	
Net Position-Beginning, as adjusted	25,781,248	38,716,981	677,491	968,655	26,458,739	39,685,636
Net Position-Ending	\$ 28,195,184	\$ 39,259,224	\$ 876,499	\$ 1,019,801	\$ 29,071,683	\$ 40,279,025

**Campbell County**  
**Management's Discussion and Analysis**  
**June 30, 2015**  
**(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 June 30, 2015, the combined ending fund balance of County governmental funds was \$17,854,384. Approximately 78% (\$13,989,810) 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 (\$3,864,574) is reserved to indicate that it is not available for new spending because it is restricted or committed.

The County has 6 major governmental funds. These are: 1) General Fund; 2) Road Fund; 3) Jail Fund; 4) Capital Projects Fund; 5) (TANK) Payroll Tax Fund; and 6) Housing Choice Voucher Fund. There are five non-major funds. They are the Developers Road Escrow 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, 2015 fiscal year, the total fund balance of the General Fund was \$7,252,833, all of which was unreserved. The county received \$7,567,787 in Real Property tax revenues, which accounts for approximately 49% of the general fund revenue. \$3,442,753 was received from personal property, motor vehicle and insurance taxes which is approximately 22% of the county's general fund revenues. Sheriff and Clerk fees accounted for \$993,957 or 6% of general fund revenues. Various other taxes, service fees and investment earnings make up the remaining 23% of revenues.
2. The Road and Bridge Fund is the fund related to county road and bridge construction and maintenance. The Road and Bridge Fund had \$(3,092) in fund balance at June 30, 2015. The fund balance at the end of the previous year was \$18,597. The fiscal year 2015 expenditures for road projects were \$3.6 million. State funding provided approximately \$1,287,000 in funding for road projects during the fiscal year. Transfers from the general fund provided nearly all of the remaining funding requirement.
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, 2015 of \$377,461, all of which was unreserved. The Jail Fund received \$4,079,997 from the state and federal governments for services, primarily for housing prisoners. Transfers totaling \$4,215,900 from other funds were used to fund 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, 2015 the balance in this fund was \$6,716,995.

**Campbell County**  
**Management's Discussion and Analysis**  
**June 30, 2015**  
**(Continued)**

**Financial Analysis of the County's Funds (Continued)**

5. The Housing Choice Voucher Program ended the 2015 fiscal year with a fund balance of \$86,678. The previous year balance was \$623,991. The Program derives nearly all of its revenue from The Department of Housing and Urban Development (HUD).
6. The Capital Projects Fund was created in 2015 to account for the acquisition, rehabilitation and construction costs related to the Campbell County Detention Facility project. As of June 30, 2015 the balance in this fund was \$2,247,942.
7. The total fund balance for the non-major funds as of June 30, 2015 was \$1,175,567. Total expenditures and transfers for the non-major funds for the year were \$1,754,957. Revenue sources for the non-major funds include occupational license and payroll taxes designated for senior citizens and mental health programs in the County.

*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, A.J. Jolly Park, A.J. Jolly Golf Course, and the Jail Commissary.

1. A.J. Jolly Park net position at June 30, 2015 amounted to \$642,847. The entirety of the Park's assets consist of capital assets such as land and land improvements for the golf and general recreation facility. Net capital assets for the park amounted to \$642,847 at the fiscal year-end. On July 1, 2014 all of A.J. Jolly's current assets, liabilities, revenues and expenditures were assumed by the A.J. Jolly Golf Course Fund, a proprietary fund of the County, for management.
2. A.J. Jolly Golf Course Fund's net position at June 30, 2015 was \$(177,285). Revenues for the golf course amounted to \$752,991 and were derived primarily from user fees.
3. The Jail Canteen Fund had net assets of \$410,937 as of June 30, 2015 with a cash balance of \$417,161. 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.**

Actual operating revenues were greater than the budget. This increase was primarily due to higher tangible personal property, franchise and deed transfer tax revenue than anticipated in the budget. The increase in taxes was offset by a decrease in federal and state grant funding.

Actual operating expenditures were less than the budget amended by the Fiscal Court. This was primarily due to the deferral of certain projects and some mid-year staffing changes.

**Campbell County**  
**Management's Discussion and Analysis**  
**June 30, 2015**  
**(Continued)**

**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, 2015, amounted to \$42,849,181 (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.

Major capital asset events during the 2015 fiscal year included road and infrastructure improvements, the purchase of several new vehicles, and a property acquisition for storage of voting machines and maintenance 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)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Infrastructure assets	\$ 9,361,985	\$ 8,915,222	\$	\$	\$ 9,361,985	\$ 8,915,222
Land	4,231,925	3,860,187	497,462	497,462	4,729,387	4,357,649
Construction in process & Bldgs & Improvements	25,915,719	26,428,989	77,832	42,692	25,993,551	26,471,681
Other Equipment	1,478,902	1,110,634	143,831	131,681	1,622,733	1,242,315
Vehicles & Equipment	1,141,525	1,015,025			1,141,525	1,015,025
Total capital assets, net of accumulated depreciation	<u>\$ 42,130,056</u>	<u>\$ 41,330,057</u>	<u>\$ 719,125</u>	<u>\$ 671,835</u>	<u>\$ 42,849,181</u>	<u>\$ 42,001,892</u>

*Long-Term Debt.* At the end of the 2015 fiscal year, Campbell County had total bonds payable of \$19,130,000. The amount of this debt due within the next year is \$1,520,000 and \$17,610,000 is due in subsequent years. This debt is for the district court facilities, the County Administration Building, 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 2016 fiscal year budget:

- The 2016 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. The most significant increase from the fiscal year 2015 budget is the renovation of the jail.

**Campbell County**  
**Management's Discussion and Analysis**  
**June 30, 2015**  
**(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.
- The economic downturn in the country has had an impact on employment and business tax revenues that are needed to fund County operations. The County continues to reduce costs and increase revenues wherever possible in an effort to meet this challenge.

**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 Marie Schenkel, Finance Officer, Campbell County Fiscal Court, 1098 Monmouth St. Newport, KY 41071.

**CAMPBELL COUNTY  
STATEMENT OF NET POSITION**

**June 30, 2015**





**CAMPBELL COUNTY**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	<b>Primary Government</b>		<b>Totals</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 14,457,477	\$ 529,310	\$ 14,986,787
Accounts Receivable	4,413,147	6,163	4,419,310
Restricted Cash	27,087		27,087
<b>Total Current Assets</b>	<b>18,897,711</b>	<b>535,473</b>	<b>19,433,184</b>
<b>Noncurrent Assets:</b>			
Capital Assets - Net of Accumulated Depreciation			
Land	4,231,925	497,462	4,729,387
Construction In Progress	229,662		229,662
Land Improvements	401,817	60,947	462,764
Buildings	25,284,240	16,885	25,301,125
Golf Equipment		106,534	106,534
Clubhouse Furniture and Fixtures		2,829	2,829
Other Equipment	1,478,902	34,468	1,513,370
Vehicles and Equipment	1,141,525		1,141,525
Infrastructure Assets - Net of Accumulated Depreciation	9,361,985		9,361,985
<b>Total Noncurrent Assets</b>	<b>42,130,056</b>	<b>719,125</b>	<b>42,849,181</b>
<b>Total Assets</b>	<b>61,027,767</b>	<b>1,254,598</b>	<b>62,282,365</b>
<b>Deferred Outflows of Resources</b>			
Deferred Amount on Pension Plan Contributions			
Plan Contributions	1,804,627	43,989	1,848,616
Loss on refunding debt	516,772		516,772
<b>Total Deferred Outflows of Resources</b>	<b>2,321,399</b>	<b>43,989</b>	<b>2,365,388</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable	420,366	42,260	462,626
Family Self Sufficiency Escrow Payable	27,087		27,087
Unearned Revenue	5,500		5,500
Accrued Liabilities	26,993		26,993
Accrued Salaries and Payroll Taxes	563,381	524	563,905
Gift Cards Payable		10,605	10,605
Bonds Payable	1,527,020		1,527,020
<b>Total Current Liabilities</b>	<b>2,570,347</b>	<b>53,389</b>	<b>2,623,736</b>
<b>Noncurrent Liabilities:</b>			
Bonds Payable	17,661,770		17,661,770
Net Pension Liability	13,440,163	332,837	13,773,000
Compensated Absences	33,564		33,564
<b>Total Noncurrent Liabilities</b>	<b>31,135,497</b>	<b>332,837</b>	<b>31,468,334</b>
<b>Total Liabilities</b>	<b>33,705,844</b>	<b>386,226</b>	<b>34,092,070</b>
<b>Deferred Inflows of Resources</b>			
Deferred Amount Related to Pension Plan	1,448,138	35,862	1,484,000

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

**CAMPBELL COUNTY**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**  
**(Continued)**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	\$ 22,941,266	\$ 719,125	\$ 23,660,391
Restricted For:			
Roads	178,609		178,609
Social Services	86,678		86,678
Capital Projects	2,247,942		2,247,942
Recreation Project Grants		208,701	208,701
Unrestricted	2,740,689	(51,327)	2,689,362
Total Net Position	<u>\$ 28,195,184</u>	<u>\$ 876,499</u>	<u>\$ 29,071,683</u>

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

**CAMPBELL COUNTY  
STATEMENT OF ACTIVITIES**

**For The Year Ended June 30, 2015**

**CAMPBELL COUNTY**  
**STATEMENT OF ACTIVITIES**  
**June 30, 2015**

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 9,423,585	\$ 410,770	\$ 1,063,207	\$
Protection to Persons and Property	9,498,993	3,521,171	1,530,421	
General Health and Sanitation	1,181,396	31,901	31,425	
Social Services	4,535,622	383,554	3,451,028	
Recreation and Culture	456,136	103,872		
Roads	2,503,109		256,942	1,079,432
Bus Services	4,443,844		319,309	
Debt Service	583,033			
Other Fiscal Charges	74,491			
Capital Projects	65,490			
Total Governmental Activities	<u>32,765,699</u>	<u>4,451,268</u>	<u>6,652,332</u>	<u>1,079,432</u>
Business-Type Activities:				
A.J. Jolly Park	28,989			
A.J. Jolly Golf Course	898,693	752,991		
Jail Canteen	120,529	234,192		
Total Business-Type Activities	<u>1,048,211</u>	<u>987,183</u>		
Total Primary Government	<u>\$ 33,813,910</u>	<u>\$ 5,438,451</u>	<u>\$ 6,652,332</u>	<u>\$ 1,079,432</u>

**General Revenues:**

## Taxes:

Real Property Taxes

Personal Property Taxes

Motor Vehicle Taxes

Occupational Taxes

Other Taxes

Rental Motor Vehicle License Fee

Insurance License Fee/Tax

Excess Fees

Unrestricted Investment Earnings

Sale of Assets

Miscellaneous Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - beginning, as previously reported

Adjustment for assets previously expensed (Note 16)

Adjustment applicable to prior years resulting from

the retroactive change in accounting for pensions

upon adoption of a new accounting pronouncement

(Note 16)

Net Position - beginning, as adjusted

Net Position - ending

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

CAMPBELL COUNTY  
 STATEMENT OF ACTIVITIES  
 June 30, 2015  
 (Continued)

<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (7,949,608)	\$	\$ (7,949,608)
(4,447,401)		(4,447,401)
(1,118,070)		(1,118,070)
(701,040)		(701,040)
(352,264)		(352,264)
(1,166,735)		(1,166,735)
(4,124,535)		(4,124,535)
(583,033)		(583,033)
(74,491)		(74,491)
(65,490)		(65,490)
<u>(20,582,667)</u>		<u>(20,582,667)</u>
	(28,989)	(28,989)
	(145,702)	(145,702)
	<u>113,663</u>	<u>113,663</u>
	<u>(61,028)</u>	<u>(61,028)</u>
<u>(20,582,667)</u>	<u>(61,028)</u>	<u>(20,643,695)</u>
7,567,786		7,567,786
744,795		744,795
799,594		799,594
9,616,591		9,616,591
1,384,260		1,384,260
56,443		56,443
1,898,364		1,898,364
993,957		993,957
22,902	36	22,938
9,580		9,580
162,331		162,331
(260,000)	260,000	
<u>22,996,603</u>	<u>260,036</u>	<u>23,256,639</u>
2,413,936	199,008	2,612,944
39,259,224	1,019,801	40,279,025
344,714		344,714
<u>(13,822,690)</u>	<u>(342,310)</u>	<u>(14,165,000)</u>
25,781,248	677,491	26,458,739
<u>\$ 28,195,184</u>	<u>\$ 876,499</u>	<u>\$ 29,071,683</u>

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

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**CAMPBELL COUNTY  
BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2015**

**CAMPBELL COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2015**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Capital Projects Fund</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,618,364	\$ 33,602	\$ 449,803	\$ 2,249,253
Accounts Receivable - Taxes	614,474			
Accounts Receivable - Excess Fees	332,272			
Accounts Receivable - Intergovernmental	21,504	91,218	301,389	
Accounts Receivable - Charges for Services			19,756	
Accounts Receivable - Miscellaneous	59,603		27,755	
Accounts Receivable - Other				
Accounts Receivable - Fraud recovery, net				
Restricted Cash - Family Self-Sufficiency				
Total Assets	<u>7,646,217</u>	<u>124,820</u>	<u>798,703</u>	<u>2,249,253</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	132,029	76,964	195,422	1,311
Unearned Revenue				
Family Self-Sufficiency Escrow Payable				
Accrued Salaries and Payroll Taxes	261,355	50,948	225,820	
Other Liabilities				
Total Liabilities	<u>393,384</u>	<u>127,912</u>	<u>421,242</u>	<u>1,311</u>
<b>FUND BALANCES</b>				
<b>Restricted For:</b>				
Social Services				
Capital Projects				2,247,942
Roads				
<b>Committed To:</b>				
Social Services				
Bus Service				
General Health and Sanitation				
<b>Assigned To:</b>				
Roads				
Protection to Persons and Property			377,461	
Social Services				
Bus Service				
General Health and Sanitation				
<b>Unassigned</b>	7,252,833	(3,092)		
Total Fund Balances	<u>7,252,833</u>	<u>(3,092)</u>	<u>377,461</u>	<u>2,247,942</u>
Total Liabilities and Fund Balances	<u>\$ 7,646,217</u>	<u>\$ 124,820</u>	<u>\$ 798,703</u>	<u>\$ 2,249,253</u>

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



**CAMPBELL COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2015**  
**(Continued)**

<b>(TANK)</b> <b>Payroll Tax</b> <b>Fund</b>	<b>Housing Choice</b> <b>Voucher</b> <b>Program</b>	<b>Non-</b> <b>Major</b> <b>Funds</b>	<b>Total</b> <b>Governmental</b> <b>Funds</b>
\$ 4,183,965	\$ 91,234	\$ 831,256	\$ 14,457,477
2,213,721		368,865	3,197,060
			332,272
319,309			733,420
			19,756
			87,358
	30,955		30,955
	12,326		12,326
	27,087		27,087
<u>6,716,995</u>	<u>161,602</u>	<u>1,200,121</u>	<u>18,897,711</u>
	1,848	12,792	420,366
		5,500	5,500
	27,087		27,087
	18,996	6,262	563,381
	26,993		26,993
	<u>74,924</u>	<u>24,554</u>	<u>1,043,327</u>
	86,678		86,678
			2,247,942
		178,609	178,609
		111,689	111,689
1,028,272			1,028,272
		211,384	211,384
			377,461
		135,986	135,986
5,688,723			5,688,723
		537,899	537,899
			7,249,741
<u>6,716,995</u>	<u>86,678</u>	<u>1,175,567</u>	<u>17,854,384</u>
<u>\$ 6,716,995</u>	<u>\$ 161,602</u>	<u>\$ 1,200,121</u>	<u>\$ 18,897,711</u>

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

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**CAMPBELL COUNTY  
RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

**June 30, 2015**



**CAMPBELL COUNTY**  
**RECONCILIATION OF THE BALANCE SHEET -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**For The Year Ended June 30, 2015**

Total fund balances	\$ 17,854,384
Amounts reported for Governmental Activities in the Statement Of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds:	
Historical cost of capital assets	87,045,451
Accumulated depreciation	(44,915,395)
Discounts on bonds reported in Governmental Activities are not financial resources and therefore are not reported in the funds	
	107,739
Premiums on bonds reported in Governmental Activities are not financial resources and therefore are not reported in the funds	
	(166,529)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds	
Due within one year-bonds, notes and other principal payments	(1,520,000)
Due in more than one year-bonds, notes and other principal payments	(17,610,000)
Compensated absences	(33,564)
Loss on refunding debt is recorded as a deferred outflow of resources on the Statement of Net Position	
	516,772
Long-term liabilities and deferred inflows and outflows of resources are not financial resources or current liabilities, and therefore, the net impact of the pension-related liabilities and deferred inflows and outflows of resources are not reported in the Governmental Funds	
	<u>(13,083,674)</u>
Net position of Governmental Activities	<u>\$ 28,195,184</u>

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

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

**For The Year Ended June 30, 2015**

**CAMPBELL COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Capital Projects Fund</u>
<b>REVENUES</b>				
Taxes	\$ 12,451,243	\$	\$	\$
Excess Fees	993,957			
Licenses and Permits	218,417			
Intergovernmental	678,278	1,287,723	4,079,997	
Charges for Services	58,648		319,058	
Miscellaneous	1,008,508	49,321	384,559	
Interest	1,936	10	21	340
Total Revenues	<u>15,410,987</u>	<u>1,337,054</u>	<u>4,783,635</u>	<u>340</u>
<b>EXPENDITURES</b>				
Current:				
General Government	3,640,522			
Protection to Persons and Property	2,757,309		6,167,051	
General Health and Sanitation	454,394			
Social Services	104,790			
Recreation and Culture	381,308			
Roads		1,749,284		
Bus Service				
Debt Service	959,149	75,189	1,053,695	
Other Fiscal Charges			56,528	17,963
Capital Projects	1,111,287	1,261,329	2,545	230,973
Administration	3,018,801	517,941	1,740,693	
Total Expenditures	<u>12,427,560</u>	<u>3,603,743</u>	<u>9,020,512</u>	<u>248,936</u>
Excess (Deficiency) of Revenues Over				
Expenditures Before Other				
Financing Sources (Uses)	2,983,427	(2,266,689)	(4,236,877)	(248,596)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	16,362			
Bond Issuance				2,500,000
Refunding Bond Issuance			7,165,000	
Premium (Discount) On Bond Issuance			143,300	(3,462)
Payment to Refunded Bond Escrow Agent			(7,251,772)	
Transfers From Other Funds	3,204,030	2,245,000	4,215,900	
Transfers To Other Funds	(5,607,931)			
Total Other Financing Sources (Uses)	<u>(2,387,539)</u>	<u>2,245,000</u>	<u>4,272,428</u>	<u>2,496,538</u>
Net Change in Fund Balances	595,888	(21,689)	35,551	2,247,942
Fund Balances - Beginning	6,656,945	18,597	341,910	
Fund Balances - Ending	<u>\$ 7,252,833</u>	<u>\$ (3,092)</u>	<u>\$ 377,461</u>	<u>\$ 2,247,942</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, 2015**  
**(Continued)**

(TANK) Payroll Tax Fund	Housing Choice Voucher Program	Non- Major Funds	Total Governmental Funds
\$ 8,242,912	\$	\$ 1,373,679	\$ 22,067,834
			993,957
			218,417
319,309	2,956,528	561,500	9,883,335
	376,858	1,633	756,197
	17,149	27,876	1,487,413
17,627	124	2,844	22,902
<u>8,579,848</u>	<u>3,350,659</u>	<u>1,967,532</u>	<u>35,430,055</u>
97,440	499,333	16,239	4,253,534
			8,924,360
		712,086	1,166,480
	3,388,639	983,204	4,476,633
			381,308
			1,749,284
4,443,844			4,443,844
			2,088,033
			74,491
		5,496	2,611,630
7,515		37,932	5,322,882
<u>4,548,799</u>	<u>3,887,972</u>	<u>1,754,957</u>	<u>35,492,479</u>
4,031,049	(537,313)	212,575	(62,424)
			16,362
			2,500,000
			7,165,000
			139,838
			(7,251,772)
		103,000	9,767,930
(4,370,000)		(49,999)	(10,027,930)
<u>(4,370,000)</u>		<u>53,001</u>	<u>2,309,428</u>
(338,951)	(537,313)	265,576	2,247,004
7,055,946	623,991	909,991	15,607,380
<u>\$ 6,716,995</u>	<u>\$ 86,678</u>	<u>\$ 1,175,567</u>	<u>\$ 17,854,384</u>

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

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

**For The Year Ended June 30, 2015**



**CAMPBELL COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2015**

Net change in fund balances - total Governmental Funds	\$ 2,247,004
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense</p>	
Capital outlays	2,546,140
Depreciation expense	(2,084,073)
Assets disposed of, net book value	(6,782)
<p>Some expenses reported on the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds</p>	
Change in compensated absences	13,677
<p>Net difference between pension plan contributions of \$1,804,627 reported as expense in the Governmental Funds and the pension expense of \$1,065,611 reported in the Statement of Activities</p>	
	739,016
<p>The issuance of long-term debt (e.g. bonds, financing obligations) provides current financial resources to Governmental Funds, while repayment of principal on long-term debt consumes the current financial resources of Governmental Funds. These transactions, however, have no effect on net position</p>	
Proceeds on issuance of debt	(2,500,000)
Refunding bond issuance	(7,165,000)
Payment to refunded bond escrow agent	7,251,772
Discount/premium on long term debt	(139,838)
Repayment of long term debt principal	1,505,000
Amortization of bond premiums and bond discount	7,020
	7,020
Change in net position of Governmental Activities	\$ 2,413,936

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

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**CAMPBELL COUNTY**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

**June 30, 2015**





**CAMPBELL COUNTY**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>A.J. Jolly Park</b>	<b>A.J. Jolly Golf Course Fund</b>	<b>Jail Commissary Fund</b>	<b>Totals</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$	\$ 112,149	\$ 417,161	\$ 529,310
Accounts Receivable			6,163	6,163
Total Current Assets		112,149	423,324	535,473
Noncurrent Assets:				
Capital Assets:				
Land	497,462			497,462
Land Improvements	683,675	45,200		728,875
Buildings	140,704			140,704
Clubhouse Furniture and Fixtures	707,763			707,763
Golf Equipment	106,097			106,097
Other Equipment		39,466		39,466
Less Accumulated Depreciation	(1,492,854)	(8,388)		(1,501,242)
Total Noncurrent Assets	642,847	76,278		719,125
Total Assets	642,847	188,427	423,324	1,254,598
<b>Deferred Outflows of Resources</b>				
Deferred Amount on Pension				
Plan Contributions		43,989		43,989
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable		30,397	11,863	42,260
Accrued Wages			524	524
Gift Card Payable		10,605		10,605
Total Current Liabilities		41,002	12,387	53,389
Long-term Liabilities				
Net Pension Liability		332,837		332,837
Total Liabilities		373,839	12,387	386,226
<b>Deferred Inflows of Resources</b>				
Deferred Amount Related to Pension Plan				
		35,862		35,862
<b>Net Position</b>				
Invested in Capital Assets,				
Net of Related Debt - Unrestricted	434,146	76,278		510,424
Invested in Capital Assets,				
Net of Related Debt - Restricted	208,701			208,701
Unrestricted		(253,563)	410,937	157,374
Total Net Position	\$ 642,847	\$ (177,285)	\$ 410,937	\$ 876,499

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

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**CAMPBELL COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
PROPRIETARY FUNDS**

**For The Year Ended June 30, 2015**



**CAMPBELL COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Totals</b>
	<b>A.J. Jolly Park</b>	<b>A.J. Jolly Golf Course Fund</b>	<b>Jail Commissary Fund</b>	
<b>Operating Revenues</b>				
Golf	\$	\$ 419,020	\$	\$ 419,020
Rentals-Power Carts		201,682		201,682
Rentals-Miscellaneous		2,560		2,560
Commissary Sales-Cigarettes/Soaps			70,485	70,485
Commissary Profits			163,707	163,707
Concession Commissions		128,760		128,760
Miscellaneous Revenue		969		969
Total Operating Revenues		<u>752,991</u>	<u>234,192</u>	<u>987,183</u>
<b>Operating Expenses</b>				
Protection to Persons and Property			22,563	22,563
Educational and Recreational			34,140	34,140
Payments to Suppliers			63,826	63,826
Golf	22,635	496,474		519,109
Clubhouse	6,354	402,219		408,573
Total Operating Expenses	<u>28,989</u>	<u>898,693</u>	<u>120,529</u>	<u>1,048,211</u>
Operating Income (Loss)	(28,989)	(145,702)	113,663	(61,028)
<b>Nonoperating Revenues (Expenses)</b>				
Related Party Transfer to Campbell County				
Fiscal Court	(50,725)	50,725		
Transfer from other funds		260,000		260,000
Interest Income		2	34	36
Total Nonoperating Revenues (Expenses)	<u>(50,725)</u>	<u>310,727</u>	<u>34</u>	<u>260,036</u>
Change In Net Position	(79,714)	165,025	113,697	199,008
Net Position - beginning of year, as previously reported	722,561		297,240	1,019,801
Adjustment applicable to prior years resulting from the retroactive change in accounting for pensions upon adoption of a new accounting standard (Note 16)		(342,310)		(342,310)
Net Position- beginning, as adjusted	<u>722,561</u>	<u>(342,310)</u>	<u>297,240</u>	<u>677,491</u>
Net Position - ending	<u>\$ 642,847</u>	<u>\$ (177,285)</u>	<u>\$ 410,937</u>	<u>\$ 876,499</u>

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

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**CAMPBELL COUNTY  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**For The Year Ended June 30, 2015**





**CAMPBELL COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Totals</b>
	<b>A.J. Jolly Park</b>	<b>A.J. Jolly Golf Course Fund</b>	<b>Jail Commissary Fund</b>	
<b>Cash Flows From Operating Activities</b>				
Receipts from Green Fees	\$	\$ 419,020	\$	\$ 419,020
Rental for Golf Carts		201,682		201,682
Miscellaneous Rentals		2,560		2,560
Receipts from Concession Sales		128,760		128,760
Miscellaneous Income	3,692	969		4,661
Receipts from Sale of Cigarettes/Soaps			76,793	76,793
Profits			170,842	170,842
Payments to Employees	(43,205)	(492,979)	(21,527)	(557,711)
Educational and Recreational			(29,106)	(29,106)
Payments to Suppliers	(16,863)	(373,924)	(65,751)	(456,538)
Net Cash Provided (Used) By Operating Activities	<u>(56,376)</u>	<u>(113,912)</u>	<u>131,251</u>	<u>(39,037)</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers In/Out	(50,725)	310,725		260,000
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(50,725)</u>	<u>310,725</u>		<u>260,000</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchases of capital assets		(84,666)		(84,666)
Net Cash Provided (Used) By Capital and Related Financing Activities		<u>(84,666)</u>		<u>(84,666)</u>
<b>Cash Flows From Investing Activities</b>				
Interest Earned		2	34	36
Net Cash Provided (Used) By Investing Activities		<u>2</u>	<u>34</u>	<u>36</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(107,101)	112,149	131,285	136,333
Cash and Cash Equivalents - July 1, 2014	107,101		285,876	392,977
Cash and Cash Equivalents - June 30, 2015	<u>\$</u>	<u>\$ 112,149</u>	<u>\$ 417,161</u>	<u>\$ 529,310</u>

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

**CAMPBELL COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>A.J. Jolly Park</b>	<b>A.J. Jolly Golf Course Fund</b>	<b>Jail Commissary Fund</b>	<b>Totals</b>
Operating Income (Loss)	\$ (28,989)	\$ (145,702)	\$ 113,663	\$ (61,028)
Adjustments:				
Depreciation Expense	28,988	8,388		37,376
Pension Expense		(17,600)		(17,600)
Changes In:				
Accounts Receivable	3,692		13,445	17,137
Accounts Payable	(2,683)	30,397	3,856	31,570
Accrued Liabilities	(46,779)		287	(46,492)
Gift Card Payable	(10,605)	10,605		
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ (56,376)</b>	<b>\$ (113,912)</b>	<b>\$ 131,251</b>	<b>\$ (39,037)</b>

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

**CAMPBELL COUNTY  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS**

**June 30, 2015**



**CAMPBELL COUNTY**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2015**

	<b>Total Agency Funds</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 92,929
Total Assets	92,929
 <b>Liabilities</b>	
Amounts Held In Custody For Others	92,929
Total Liabilities	92,929
 <b>Net Position</b>	
Net Position	\$

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.....	55
NOTE 2.	DEPOSITS .....	64
NOTE 3.	OPERATING LEASES.....	65
NOTE 4.	CAPITAL ASSETS .....	66
NOTE 5.	JOINT VENTURES .....	68
NOTE 6.	LONG-TERM DEBT.....	68
NOTE 7.	INTEREST ON LONG-TERM DEBT AND FINANCING OBLIGATIONS .....	73
NOTE 8.	COMMITMENTS AND CONTINGENCIES .....	73
NOTE 9.	EMPLOYEE RETIREMENT SYSTEM .....	73
NOTE 10.	DEFERRED COMPENSATION.....	79
NOTE 11.	INSURANCE.....	80
NOTE 12.	ESTIMATED INFRASTRUCTURE HISTORICAL COST .....	80
NOTE 13.	CONCENTRATION OF BUSINESS RISK.....	80
NOTE 14.	INTERFUND TRANSACTIONS .....	81
NOTE 15.	DISAGGREGATION OF ACCOUNTS PAYABLE .....	81
NOTE 16.	CHANGES IN ACCOUNTING PRINCIPLES, REPORTING PRACTICES AND PRIOR PERIOD ADJUSTMENTS .....	82
NOTE 17.	A.J. JOLLY PARK TRANSFER.....	82
NOTE 18.	SUBSEQUENT EVENTS – NEW DEBT AND REFINANCE OF OLD DEBT .....	82

**CAMPBELL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

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

**A. Basis of Presentation**

The accompanying financial statements of the Campbell County Fiscal Court (the County or the Fiscal Court) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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**

The financial statements of Campbell County include the funds, agencies, boards, and entities for which the Fiscal Court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, as amended by GASB 14, GASB 39 and GASB 61, 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 had no discretely presented component units.

Blended Component Units

The following legally separate organization provides its services exclusively to the primary government, and the Fiscal Court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the County's primary government using the blending method.

**A.J. Jolly Park:**

The activities of A.J. Jolly Park (the Park, an agency of the Fiscal Court) are accounted for as an enterprise fund. This method was adopted to account for the Park's operations in a manner similar to private business enterprises. On July 1, 2014 all of A.J. Jolly's current assets, liabilities, revenues and expenditures were assumed by the A.J. Jolly Golf Course Fund, a proprietary fund of the County, for management. A.J. Jolly Park's fixed assets are still being held by the component unit until resolution of the legality of the transfer of its restricted assets. This component unit is blended within the financial statements of the County.

Copies of the audit of the blended component unit can be obtained by contacting Marie Schenkel, Finance Director, Campbell County Fiscal Court, 1098 Monmouth St., Newport, KY 41701.

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

**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

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

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

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net position. Net position is 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 position - 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 position - those assets that do not meet the definition of restricted net position 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.



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

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

A significant feature of the 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 Financial 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.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale 90 days following April 15.

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

Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds. Major individual Governmental Funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

The Governmental Fund Financial Statements are reported using the current financial resources measurement focus.

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 sources of revenue for this fund are 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.

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

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

**Governmental Funds (Continued)**

*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.

*Capital Projects Fund* – The purpose of this fund is to account for acquisition, rehabilitation and construction costs related to the Campbell County Detention Facility project.

*(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 is placed to the credit of:

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

*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.

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

**Special Revenue Funds:**

The Road Fund, Jail Fund, (TANK) Payroll Tax Fund, Housing Choice Voucher Program, Mental Health Tax Fund, Senior Citizens Tax Fund, Federal CDBG Grant Fund and the Developer Road Escrow Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of significant restricted and/or committed revenue sources and expenditures that are legally restricted or committed for specific purposes.

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

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

**Revenue Recognition**

The following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days of year-end and available to pay obligations of the current period): property taxes, franchise taxes, special assessments, licenses, charges for services, interest income and intergovernmental revenues. All other Governmental revenues are recognized when received. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made. When revenue is received in advance it is considered unearned until expenditures are made.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Property taxes levied to finance the fiscal year are recorded when there is an enforceable legal claim and when the revenue is measurable and available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose. Revenue from non-exchange transactions must be available before it can be recognized.

**Expenditure Recognition**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

**Proprietary Funds**

Proprietary Funds account for operations that are primarily financed by user charges. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in these funds.

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

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

**Proprietary Funds (Continued)**

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 at the A.J. Jolly golf course and sales in the Jail Commissary. 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:

A.J. Jolly Golf Course Fund – This fund accounts for the revenues and expenses of operating A.J. Jolly golf course.

Jail Commissary Fund – The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit and to enhance the well-being of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the County Treasurer the receipts and disbursements of the Jail Commissary Fund.

The primary government also has the following non-major fund: A.J. Jolly Park Fund.

**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 primary government reports the following fiduciary funds: the Jail Inmate Account and the Employee Fund Account.

**E. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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

**F. Deposits**

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).

**G. Capital Assets**

Capital assets, which include land, land improvements, buildings, vehicles and equipment, other 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 and the Proprietary Fund Financial Statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 5,000	3-30
Buildings	\$ 5,000	20-60
Other Equipment	\$ 5,000	5-10
Vehicles and Equipment	\$ 5,000	4-10
Infrastructure	\$ 5,000	20-40

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

**H. Long-term Obligations**

In the Government-Wide Financial Statements and Proprietary Fund Financial Statements, long term debt and other long-term obligations are reported as liabilities. The principal amount of bonds, notes and financing obligations are reported.

The Governmental Fund Financial Statements 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

County employees earn vacation in proportion to years of service. Vacation time accrues on a per pay period basis. Vacation time may accumulate from year to year up to a maximum of thirty days. Once the maximum is reached, employees must use or forfeit the time. Employees that give proper notice receive pay for unused vacation time that has not expired.

Short-term sick leave accrues on a per pay period basis at the rate of five days per year and may accumulate up to a maximum of twelve days. Employees do not get paid for their unused sick time upon termination.

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.

**I. Fund Equity**

In the Governmental Fund Financial Statements, the difference between the assets and liabilities is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

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

Spendable include the following:

- Restricted - amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed - amounts constrained for a specific purpose by the County using its highest level of decision making authority.

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

**I. Fund Equity (Continued)**

- Assigned - for all governmental funds, other than General Fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the General Fund, amounts constrained by intent to be used for a specified purpose by the County or the delegated County committee or official given authority to assign amounts.
- Unassigned - for the General Fund, amounts not classified as non-spendable, restricted, committed or assigned. For all other governmental funds, amount expended in excess of resources that are non-spendable, restricted, committed or assigned.

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

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

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

Encumbrances 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 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 in the financial statements.

“Committed to Bus Service” refers to the portion of the TANK payroll tax receivable (first quarter) which the Fiscal Court has agreed to provide to TANK to provide transit services in Campbell County.

**J. 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 Jail Commissary Fund to be budgeted, because the Fiscal Court does not approve these expenses made from these funds. However, the Fiscal Court has chosen to budget these funds.

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

**K. 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 Governmental Fund Financial Statements, material receivables 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 Governmental Fund Financial Statements in accordance with the basis of accounting. Interest and investment earnings are recorded when earned only if paid within 90 days of the year end, since they would be considered both measurable and available.

**L. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those relate 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 Position.

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government’s deposits may not be returned. The Fiscal Court does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240 (4). As of June 30, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.



**Note 3. Operating Leases**

**A. Copiers**

The Fiscal Court entered into various lease agreements for copiers to be used by various county departments. The total expense related to these leases was \$8,772 for the year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2016	\$ 8,399
2017	5,914
2018	4,719
2019	3,394
2020	1,607
Total Minimum Lease Payments	<u>\$ 24,033</u>

**B. Golf Carts**

The County entered into a lease for golf carts effective March 2014 for a total rental of \$227,418. Payments are due on the first of the month for April through October each year of the lease term. No payments are required November through March. The first payment on the lease was made in October 2014. The total expense related to this lease is \$31,368 for the year ended June 30, 2015.

Minimum future lease payments are as follows:

<u>Year Ended June 30</u>	<u>Business-Type Activities</u>
2016	\$ 54,894
2017	54,894
2018	54,894
2019	31,368
Total Minimum Lease Payments	<u>\$ 196,050</u>

**CAMPBELL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**  
**(Continued)**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,860,187	\$ 371,738	\$	\$ 4,231,925
Construction In Progress	381,896	229,662	(381,896)	229,662
Total Capital Assets Not Being Depreciated	4,242,083	601,400	(381,896)	4,461,587
Capital Assets, Being Depreciated:				
Land Improvements	886,361	11,900		898,261
Buildings	34,964,753	157,234		35,121,987
Other Equipment	3,221,286	670,025		3,891,311
Vehicles and Equipment	4,015,607	389,968	(366,503)	4,039,072
Infrastructure	37,535,724	1,097,509		38,633,233
Total Capital Assets Being Depreciated	80,623,731	2,326,636	(366,503)	82,583,864
Less Accumulated Depreciation For:				
Land Improvements	(459,267)	(37,177)		(496,444)
Buildings	(9,000,040)	(837,707)		(9,837,747)
Other Equipment	(2,110,652)	(301,757)		(2,412,409)
Vehicles and Equipment	(3,000,582)	(256,686)	359,721	(2,897,547)
Infrastructure	(28,620,502)	(650,746)		(29,271,248)
Total Accumulated Depreciation	(43,191,043)	(2,084,073)	359,721	(44,915,395)
Total Capital Assets, Being Depreciated, Net	37,432,688	242,563	(6,782)	37,668,469
Governmental Activities Capital Assets, Net	\$ 41,674,771	\$ 843,963	\$ (388,678)	\$ 42,130,056

**CAMPBELL COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**  
**(Continued)**

**Note 4. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 497,462	\$	\$	\$ 497,462
Capital Assets, Being Depreciated:				
Land Improvements	683,675	45,200		728,875
Buildings	140,704			140,704
Clubhouse Furniture and Fixtures	106,097			106,097
Golf Equipment	707,763			707,763
Other Equipment		39,466		39,466
Total Capital Assets Being Depreciated	1,638,239	84,666		1,722,905
Less Accumulated Depreciation For:				
Capital Assets, Being Depreciated:				
Land Improvements	(662,268)	(5,660)		(667,928)
Buildings	(119,419)	(4,400)		(123,819)
Clubhouse Furniture and Fixtures	(102,454)	(814)		(103,268)
Golf Equipment	(579,725)	(21,504)		(601,229)
Other Equipment		(4,998)		(4,998)
Total Accumulated Depreciation	(1,463,866)	(37,376)		(1,501,242)
Total Capital Assets, Being Depreciated, Net	174,373	47,290		221,663
Business-Type Activities Capital Assets, Net	\$ 671,835	\$ 47,290	\$	\$ 719,125

**Note 4. Capital Assets (Continued)**

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

Governmental Activities:

General Government	\$	593,205
Protection to Persons and Property		588,310
General Health and Sanitation		14,916
Social Services		58,989
Recreation and Culture		74,828
Roads, Including Depreciation of General Infrastructure Assets		753,825
Total Depreciation Expense - Governmental Activities	\$	<u>2,084,073</u>

Business-Type Activities

A.J. Jolly Golf Course		8,388
A.J. Jolly Park		28,988
Total Depreciation Expense - Business-Type Activities	\$	<u>37,376</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.

**Note 6. Long-term Debt**

**A. General Obligation Refunding Bonds**

The Fiscal Court issued as of February 24, 2012 \$1,645,000 General Obligation Refunding Bond, Series 2012, to refund Campbell County, Kentucky General Project Refunding Bond, Series 2001 and First Mortgage Refunding and Improvement Revenue Bonds, Series 1997. The bonds mature in varying amounts from \$5,000 to \$200,000 from June 1, 2012 through 2022. Interest is payable semi-annually on June 1 and December 1 at a rate of 2.00%. Bonds outstanding at June 30, 2015 were \$995,000.

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

**A. General Obligation Refunding Bonds (Continued)**

The debt service requirements for future fiscal years are as follows:

Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2016	\$ 185,000	\$ 18,050
2017	195,000	14,250
2018	200,000	10,300
2019	75,000	7,550
2020	85,000	5,950
2021-2023	255,000	7,750
Totals	\$ 995,000	\$ 63,850

**B. General Obligation Public Project Bonds, Series 2006**

As of June 1, 2006, the Fiscal Court issued \$13,150,000 General Obligation Public Project Bonds, Series 2006. Proceeds of the bonds were principally used for construction at the Campbell County Jail.

On July 24, 2014, the Fiscal Court issued General Obligation Refunding Bonds, Series 2014 B which resulted in \$6,735,000 of the outstanding balance of General Obligation Public Project Bonds, Series 2006 being defeased, as detailed in paragraph E.

Bonds outstanding at June 30, 2015 were \$1,330,000 and mature on December 1, 2016 and 2017 in the amounts of \$720,000 and \$610,000, respectively. Interest at a rate of 4% is payable semi-annually on June 1 and December 1.

**C. General Obligation Public Project Bonds, Series 2008**

On September 3, 2008, the Fiscal Court issued \$9,760,000 General Obligation Public Project Bonds, Series 2008. These bonds mature in varying amounts from \$115,000 to \$730,000 on January 1 of each year from 2009 through 2028. Proceeds of the bonds were principally used for construction of the Campbell County Administration Building. Interest is payable semi-annually on January 1 and July 1 at rates ranging from 3.25% to 4.20% and principal payments are due annually on January 1 of each year. Bonds outstanding on June 30, 2015 were \$7,345,000.

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

**C. General Obligation Public Project Bonds, Series 2008 (Continued)**

The debt service requirements for future fiscal years are as follows:

Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2016	\$ 435,000	\$ 292,688
2017	450,000	277,463
2018	470,000	261,713
2019	490,000	244,793
2020	510,000	226,417
2021-2025	2,900,000	808,569
2026-2029	2,090,000	178,290
Totals	<u>\$ 7,345,000</u>	<u>\$ 2,289,933</u>

**D. General Obligation Public Projects Bond, Series 2014 A**

On July 29, 2014, the Fiscal Court issued \$2,500,000 General Obligation Public Projects Bonds, Series 2014 A. These bonds mature in varying amounts from \$105,000 to \$325,000 on December 1 of each year from 2014 through 2033. Proceeds of the bonds were principally used for construction of the Campbell County Detention Facility. Interest is payable semi-annually on December 1 and June 1 at rates ranging from 2.0% to 3.5% and principal payments are due annually on December 1 of each year. Bonds outstanding on June 30, 2015 were \$2,395,000.

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

**D. General Obligation Public Projects Bond, Series 2014 A**

The debt service requirements for future fiscal years are as follows:

Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2016	\$ 100,000	\$ 66,975
2017	100,000	64,975
2018	105,000	62,925
2019	105,000	60,825
2020	105,000	58,725
2021-2025	580,000	251,025
2026-2030	675,000	157,750
2031-2034	625,000	43,963
Totals	<u>\$ 2,395,000</u>	<u>\$ 767,163</u>

**E. General Obligation Refunding Bonds, Series 2014 B**

On July 29, 2014, the Fiscal Court issued \$7,165,000 in General Obligation Public Projects Bonds, Series 2014 B, with an average interest rate of 2.41%, to advance refund \$6,735,000 of the County's General Obligation Public Project Bonds, Series 2006 with an average interest rate of 4.27%. The proceeds of \$7,251,772, net of a premium of \$143,300 and \$56,528 in issuance costs, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the General Obligation Public Project Bonds, Series 2006. As a result the General Obligation Public Project Bonds, Series 2006 bonds were considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases debt service payments over the next ten years by approximately \$550,000 resulting in net present value savings of \$484,057, or 7.2% of refunded principal.

These bonds mature in varying amounts from \$80,000 to \$840,000 on December 1 of each year from 2014 through 2025. Interest is payable semi-annually on December 1 and June 1 at rates ranging from 2.0% to 3.0% and principal payments are due annually on December 1 of each year. Bonds outstanding on June 30, 2015 were \$7,065,000.

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

**E. General Obligation Refunding Bonds, Series 2014 B (Continued)**

The debt service requirements for future fiscal years are as follows:

Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2016	\$ 80,000	\$ 161,000
2017	80,000	159,400
2018	705,000	151,550
2019	715,000	137,350
2020	735,000	122,850
2021-2025	3,910,000	371,650
2026	840,000	12,600
Totals	\$ 7,065,000	\$ 1,116,400

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

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Compensated Absences General Obligation	\$ 47,241	\$	\$ 13,677	\$ 33,564	\$
Public Project Bonds General Obligation	7,765,000		420,000	7,345,000	435,000
Public Project Bonds General Obligation	8,760,000		7,430,000	1,330,000	720,000
Public Refunding Bonds General Obligation	1,180,000		185,000	995,000	185,000
Public Refunding Bonds General Obligation		7,165,000	100,000	7,065,000	80,000
Public Project Bonds General Obligation		2,500,000	105,000	2,395,000	100,000
Unamortized Premiums	40,449	143,300	17,220	166,529	17,220
Unamortized Discounts	(114,477)	(3,462)	(10,200)	(107,739)	(10,200)
Governmental Activities Long-term Liabilities	\$ 17,678,213	\$ 9,804,838	\$ 8,260,697	\$ 19,222,354	\$ 1,527,020



**Note 7. Interest On Long-term Debt and Financing Obligations**

Debt service on the Statement of Activities includes \$ 583,033 in interest on bonds.

**Note 8. Commitments and Contingencies**

The County is involved in multiple lawsuits that arose from the normal course of doing business. While individually they may not be significant; in the aggregate, they could negatively impact the County's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the County cannot be made at this time.

**Note 9. Employee Retirement System**

**A. Plan Description**

The County 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. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute. CERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124 or by calling (502) 696-8800.

**B. Benefits Provided**

CERS provides retirement, disability, and death benefits.

Non-hazardous employees can retire with full retirement benefits after 27 years of service or age 65. Non-hazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit. Retirement benefits are determined based upon a maximum of 2.2 percent of the employee's years of service multiplied by their Final Compensation. Final Compensation is calculated based upon the average of the five highest fiscal years (or last five fiscal years for employees who begin participation on or after September 1, 2008) of salary prior to attainment of CERS specified age (or age and service combinations).

Hazardous employees can retire with full retirement benefits after 20 years of service or age 55. Hazardous employees who begin participation on or after September 1, 2008 must have 25 years of service or the member is age 60, with a minimum of 60 months of service credit. Retirement benefits are determined based upon a maximum of 2.5 percent of the employee's years of service multiplied by their Final Compensation. Final Compensation is calculated based upon the average of the three highest fiscal years of salary prior to attainment of CERS specified age (or age and service combinations).

**Note 9. Employee Retirement System (Continued)**

**B. Benefits Provided (Continued)**

CERS allows non-hazardous and hazardous employees to retire prior to meeting the requirements above and receive partial benefits, providing they meet certain age and service related criteria.

Employees are eligible for service-related disability benefits regardless of length of service. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal the employee's final full-year salary.

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

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

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

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

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

**Note 9. Employee Retirement System (Continued)**

**C. Contributions**

Benefit and contribution rates are established by state statute.

Non-hazardous covered employees are required to contribute five percent of their salary to the plan. Non-hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent of their salary to the plan. The non-hazardous covered employee payroll for the year ended June 30, 2015 was \$7,292,496 and the County's contribution rate was 17.67%. The County's contribution rate for nonhazardous employees was 18.89% and 19.55% for the years ended June 30, 2014 and 2013, respectively.

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the Kentucky Retirement System insurance fund. The hazardous covered employee payroll for the year ended June 30, 2015 was \$1,632,270 and the County's contribution rate was 34.31%. The County's contribution rate for hazardous employees was 35.70% and 37.60% for the years ended June 30, 2014 and 2013, respectively.

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

The County contributes the full amount that it is contractually required to contribute each year. The County's contributions to CERS for the years ended June 30, 2015, 2014 and 2013 amounted to \$1,848,616, \$1,851,233 and \$1,994,596, respectively.

**Note 9. Employee Retirement System (Continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total net pension liability for all employers participating in CERS as of June 30, 2014 is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000.

The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating organizations, actuarially determined. The County's proportionate share of the net pension liability as of June 30, 2015 is:

Hazardous	\$ 4,093,000
Non-Hazardous	9,680,000
	<u>\$13,773,000</u>

At June 30, 2015, the County's proportion of the net pension liability was 0.64 percent and the County's proportionate share of the net pension liability as a percentage of its covered employee payroll was 154%.

The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at [www.kyret.ky.gov](http://www.kyret.ky.gov) or can be obtained as described in the paragraph above.

For the year ended June 30, 2015, the County recognized pension expense of \$1,092,000. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments:		
Hazardous	\$	\$ 1,081,000
Non-Hazardous		403,000
County's contributions subsequent to the measurement date of June 30, 2014		
Hazardous	560,032	
Non-Hazardous	1,288,584	
Total	<u>\$ 1,848,616</u>	<u>\$ 1,484,000</u>

**Note 9. Employee Retirement System (Continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)**

The deferred outflows of resources relate to the County's contributions to the CERS plan subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	\$ 296,800
2017	296,800
2018	296,800
2019	296,800
2020	296,800
Total	<u>\$ 1,484,000</u>

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006, and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2008.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Note 9. Employee Retirement System (Continued)**

**E. Actuarial Assumptions (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Nominal Rate of Return
Domestic Equity	30%	8.45%
International Equity	22%	8.85%
Emerging Market Equity	5%	10.50%
Private Equity	7%	11.25%
Real Estate	5%	7.00%
Core US Fixed Income	10%	5.25%
High Yield US Fixed Income	5%	7.25%
Non US Fixed Income	5%	5.50%
Commodities	5%	7.75%
TIPS	5%	5.00%
Cash	1%	3.25%
Total	100%	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Note 9. Employee Retirement System (Continued)**

**G. Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The County's share of the net pension liability	\$ 18,093,219	\$ 13,773,000	\$ 10,000,423

**H. Pension Plan Fiduciary Net Position**

The Plan fiduciary net position as a percentage of the total pension liability for the CERS non-hazardous and hazardous pension plans were 61.79% and 58.69%, respectively, at June 30, 2014. Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

**Note 10. Deferred Compensation**

The Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

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

**Note 11. Insurance**

For the year ended June 30, 2015, the 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 12. 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 the infrastructure was built by determining when a major reconstruction was performed 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 year ended June 30, 2003 and thereafter are recorded at actual historical cost.

**Note 13. Concentration of Business Risk**

Housing Choice Voucher Program

The operations of the Housing Choice Voucher Program (the Program) 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, the Department of Housing and Urban Development (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, 2015, contributions from HUD made up 88% of the total revenues received.



**Note 14. Interfund Transactions**

The following is a list of interfund transactions as of June 30, 2015:

	Total Transfers Out	Total Transfers In
General Fund	\$ 5,607,931	\$ 3,204,030
Road Fund		2,245,000
Jail Fund		4,215,900
(TANK) Payroll Tax Fund	4,370,000	
AJ Jolly Golf Course Fund		260,000
Non-Major	49,999	103,000
Total Transfers	<u>\$ 10,027,930</u>	<u>\$ 10,027,930</u>

**Note 15. Disaggregation of Accounts Payable**

The following is a list of accounts payable by function as of June 30, 2015:

	Totals	General Fund	Road Fund	Jail Fund	Capital Projects Fund	Housing Voucher Program	Non-Major Funds
General Government	\$ 49,440	\$ 49,440					
Roads	76,964		76,964				
Protection To Persons and Property	175,050	12,752		162,298			
General Health and Sanitation	21,392	11,830					9,562
Social Services	6,494	1,416				1,848	3,230
Recreation and Culture	12,060	12,060					
Capital Projects	1,311				1,311		
Total Administration	77,655	44,531		33,124			
Total	<u>\$ 420,366</u>	<u>\$ 132,029</u>	<u>\$ 76,964</u>	<u>\$ 195,422</u>	<u>\$ 1,311</u>	<u>\$ 1,848</u>	<u>\$ 12,792</u>

**Note 16. Changes in Accounting Principles, Reporting Practices and Prior Period Adjustments**

**A. Change in Accounting Policy**

Effective July 1, 2014, the County was required to adopt GASB 68 *Accounting and Financial Reporting for Pensions*. GASB 68 replaced the requirements of GASB 27 *Accounting for Pensions by State and Local Governmental Employers* and GASB 50 *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability to more comprehensively and comparably measure the annual costs of pension benefits. Cost-sharing governmental employers, such as the County, are required to report a net pension liability, pension expense and pension-related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan.

GASB 68 required retrospective application. Since the County only presents one year of financial information, the beginning net pension was adjusted to reflect the retrospective application. The adjustment resulted in a \$14,165,000 reduction in beginning net position.

**B. Prior Period Adjustments**

During the year ended June 30, 2015, the County discovered that in 2014, certain costs were improperly recorded as expenditures instead of being capitalized. Capitalizing these costs resulted in an increase to opening net position of \$344,714.

**Note 17. A.J. Jolly Park Transfer**

On July 1, 2014, all of A.J. Jolly Park's cash, assets, liabilities, revenues and expenditures were assumed by the A.J. Jolly Golf Course Fund, a proprietary fund of the County, for management. A.J. Jolly Park's fixed assets are still being held in the AJ Jolly Park component unit until resolution of the legality of the transfer of its restricted assets (land purchased and restricted under a grant by the US Department of Interior) can be determined.

**Note 18. Subsequent Events – New Debt and Refinance of Old Debt**

On November 25, 2015, the County issued \$5,165,000 in General Obligation Bonds, Series 2015. These bonds mature in varying amounts from \$210,000 to \$330,000 on November 1 of each year from 2016 through 2035. Proceeds of the bonds were principally used to finance the acquisition, construction, installation and equipping of improvements to the Campbell County Detention Facility. Interest is payable semi-annually on November 1 and May 1 at rates ranging from 2.0% to 3.5% and principal payments are due annually on November 1 of each year.

On January 20, 2016, the County issued \$6,365,000 in General Obligations Refunding Bonds Series 2016. These bonds mature in varying amounts from \$75,000 to \$695,000 on January 1 of each year from 2017 through 2028. Proceeds of the bonds were used to purchase United States Treasury Securities – State and Local Series, which were placed in an irrevocable trust, to be used solely to refund a portion of the County's General Obligation Public Projects Bonds Series 2008.

**CAMPBELL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 2015**



**CAMPBELL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 2015**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 11,848,200	\$ 11,848,200	\$ 12,458,204	\$ 610,004
Excess Fees	890,000	890,000	778,721	(111,279)
Licenses and Permits	171,200	171,200	218,417	47,217
Intergovernmental Revenue	874,150	874,150	711,257	(162,893)
Charges for Services	58,550	58,550	59,757	1,207
Miscellaneous	1,025,500	1,025,500	969,657	(55,843)
Interest	5,000	5,000	1,936	(3,064)
Total Revenues	<u>14,872,600</u>	<u>14,872,600</u>	<u>15,197,949</u>	<u>325,349</u>
<b>EXPENDITURES</b>				
General Government	4,072,692	4,105,817	3,643,651	462,166
Protection to Persons and Property	3,007,770	3,062,670	2,758,419	304,251
General Health and Sanitation	505,825	509,025	448,905	60,120
Social Services	133,100	133,100	105,095	28,005
Recreation and Culture	411,200	457,700	381,269	76,431
Debt Service	972,675	972,675	959,149	13,526
Capital Projects	702,500	1,331,938	1,112,508	219,430
Administration	<u>3,852,578</u>	<u>3,482,153</u>	<u>3,003,873</u>	<u>478,280</u>
Total Expenditures	<u>13,658,340</u>	<u>14,055,078</u>	<u>12,412,869</u>	<u>1,642,209</u>
Excess of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,214,260</u>	<u>817,522</u>	<u>2,785,080</u>	<u>1,967,558</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets			16,362	16,362
Transfers From Other Funds	780,700	1,177,438	3,204,030	2,026,592
Transfers To Other Funds	<u>(4,160,000)</u>	<u>(4,160,000)</u>	<u>(5,607,931)</u>	<u>(1,447,931)</u>
Total Other Financing Sources (Uses)	<u>(3,379,300)</u>	<u>(2,982,562)</u>	<u>(2,387,539)</u>	<u>595,023</u>
Net Changes in Fund Balance	(2,165,040)	(2,165,040)	397,541	2,562,581
Fund Balance - Beginning	<u>2,165,040</u>	<u>2,165,040</u>	<u>6,220,821</u>	<u>4,055,781</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 6,618,362</u>	<u>\$ 6,618,362</u>

See notes to the required supplementary information.

**CAMPBELL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 1,736,879	\$ 2,042,303	\$ 1,212,892	\$ (829,411)
Miscellaneous	48,000	48,000	49,321	1,321
Interest	300	300	10	(290)
Total Revenues	<u>1,785,179</u>	<u>2,090,603</u>	<u>1,262,223</u>	<u>(828,380)</u>
<b>EXPENDITURES</b>				
Roads	1,956,500	2,034,300	1,728,779	305,521
Debt Service	75,250	75,250	75,189	61
Capital Projects	1,881,000	2,091,424	1,261,329	830,095
Administration	538,055	555,255	517,012	38,243
Total Expenditures	<u>4,450,805</u>	<u>4,756,229</u>	<u>3,582,309</u>	<u>1,173,920</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(2,665,626)</u>	<u>(2,665,626)</u>	<u>(2,320,086)</u>	<u>345,540</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	<u>2,971,050</u>	<u>2,971,050</u>	<u>2,245,000</u>	<u>(726,050)</u>
Net Changes in Fund Balance	305,424	305,424	(75,086)	(380,510)
Fund Balance - Beginning	<u>(305,424)</u>	<u>(305,424)</u>	<u>108,688</u>	<u>414,112</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 33,602</u>	<u>\$ 33,602</u>

See notes to the required supplementary information.

**CAMPBELL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 4,636,600	\$ 4,636,600	\$ 4,141,046	\$ (495,554)
Charges for Services	195,800	195,800	323,825	128,025
Miscellaneous	240,200	240,200	385,522	145,322
Interest	200	200	21	(179)
Total Revenues	<u>5,072,800</u>	<u>5,072,800</u>	<u>4,850,414</u>	<u>(222,386)</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	6,420,360	6,325,360	6,176,282	149,078
Debt Service	962,500	1,055,500	1,053,695	1,805
Other Fiscal Charges			56,528	(56,528)
Capital Projects		51,000	2,545	48,455
Administration	1,839,893	1,790,893	1,710,173	80,720
Total Expenditures	<u>9,222,753</u>	<u>9,222,753</u>	<u>8,999,223</u>	<u>223,530</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(4,149,953)</u>	<u>(4,149,953)</u>	<u>(4,148,809)</u>	<u>1,144</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	4,000,000	4,000,000	4,215,900	215,900
Refunding Bond Issuance			7,165,000	7,165,000
Premium on Bond Issuance			143,300	143,300
Transfer to Refunded Bond Escrow Agent			(7,251,772)	(7,251,772)
Total Other Financing Sources (Uses)	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,272,428</u>	<u>272,428</u>
Net Changes in Fund Balance	(149,953)	(149,953)	123,619	273,572
Fund Balance - Beginning	<u>149,953</u>	<u>149,953</u>	<u>326,184</u>	<u>176,231</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 449,803</u>	<u>\$ 449,803</u>

See notes to the required supplementary information.

**CAMPBELL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

	<b>CAPITAL PROJECTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$	\$	\$ 340	\$ 340
Total Revenues			340	340
<b>EXPENDITURES</b>				
Other Fiscal Charges			17,963	(17,963)
Capital Projects	2,500,000	2,500,000	229,662	2,270,338
Total Expenditures	2,500,000	2,500,000	247,625	2,252,375
Deficiency of Revenues Over Expenditures Before Other Financing Sources (Uses)	(2,500,000)	(2,500,000)	(247,285)	2,252,715
<b>OTHER FINANCING SOURCES</b>				
Bond Proceeds	2,500,000	2,500,000	2,496,538	(3,462)
Net Changes in Fund Balances			2,249,253	2,249,253
Fund Balances - Beginning				
Fund Balances - Ending	\$	\$	\$ 2,249,253	\$ 2,249,253

See notes to the required supplementary information.



**CAMPBELL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

	<b>(TANK) PAYROLL TAX FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 7,792,000	\$ 7,792,000	\$ 8,097,078	\$ 305,078
Intergovernmental Revenue	290,000	290,000	317,897	27,897
Interest	5,000	5,000	17,627	12,627
Total Revenues	<u>8,087,000</u>	<u>8,087,000</u>	<u>8,432,602</u>	<u>345,602</u>
<b>EXPENDITURES</b>				
General Government	81,000	106,000	97,440	8,560
Bus Services	4,525,000	4,539,000	4,443,844	95,156
Administration	115,000	76,000	7,515	68,485
Total Expenditures	<u>4,721,000</u>	<u>4,721,000</u>	<u>4,548,799</u>	<u>172,201</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>3,366,000</u>	<u>3,366,000</u>	<u>3,883,803</u>	<u>517,803</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	<u>(3,621,050)</u>	<u>(3,621,050)</u>	<u>(4,370,000)</u>	<u>(748,950)</u>
Net Changes in Fund Balances	(255,050)	(255,050)	(486,197)	(231,147)
Fund Balances - Beginning	<u>255,050</u>	<u>255,050</u>	<u>4,670,162</u>	<u>4,415,112</u>
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 4,183,965</u>	<u>\$ 4,183,965</u>

See notes to the required supplementary information.

**CAMPBELL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Budgetary Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

	<b>HOUSING CHOICE VOUCHER PROGRAM</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 3,640,833	\$ 3,640,833	\$ 2,956,528	\$ (684,305)
Charges for Services	363,563	363,563	376,858	13,295
Miscellaneous	6,332	6,332	17,149	10,817
Interest	200	200	124	(76)
Total Revenues	<u>4,010,928</u>	<u>4,010,928</u>	<u>3,350,659</u>	<u>(660,269)</u>
<b>EXPENDITURES</b>				
Social Services	3,616,677	3,616,677	3,388,639	228,038
Administration	509,614	509,614	499,333	10,281
Total Expenditures	<u>4,126,291</u>	<u>4,126,291</u>	<u>3,887,972</u>	<u>238,319</u>
Net Changes in Fund Balances	(115,363)	(115,363)	(537,313)	(421,950)
Fund Balances - Beginning	<u>623,991</u>	<u>623,991</u>	<u>623,991</u>	<u>623,991</u>
Fund Balances - Ending	<u>\$ 508,628</u>	<u>\$ 508,628</u>	<u>\$ 86,678</u>	<u>\$ (421,950)</u>

See notes to the required supplementary information.

**CAMPBELL COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2015**

**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.

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. Jail Fund**

Other Fiscal Charges relate entirely to the bond issuance costs related to General Obligation Refunding Bond Series 2014B, which are required to be reported as an expenditure in accordance with GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

**Note 3. Capital Projects Fund**

Other Fiscal Charges relate entirely to the bond issuance costs related to General Obligation Public Projects Bond Series 2014A, which are required to be reported as an expenditure in accordance with GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

**CAMPBELL COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2014**  
**(Continued)**

**Note 4. 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 GAAP. A schedule reconciling the fund balance on a cash basis at June 30, 2015, to the fund balance on an accrual basis follows:

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Capital Projects Fund</u>	<u>(TANK) Payroll Tax Fund</u>
<b><u>Sources/Inflows of Resources</u></b>					
Actual Amount (Budgetary Basis)	\$ 15,197,949	\$1,262,223	\$ 4,850,414	\$ 340	\$ 8,432,602
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.	<u>213,038</u>	<u>74,831</u>	<u>(66,779)</u>		<u>147,246</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,410,987</u>	<u>\$1,337,054</u>	<u>\$ 4,783,635</u>	<u>\$ 340</u>	<u>\$ 8,579,848</u>
<b><u>Uses/Outflows of Resources</u></b>					
Actual Amount (Budgetary Basis)	\$ 12,412,869	\$3,582,309	\$ 8,999,223	\$ 247,625	\$ 4,548,799
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.	<u>14,691</u>	<u>21,434</u>	<u>21,289</u>	<u>1,311</u>	
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,427,560</u>	<u>\$3,603,743</u>	<u>\$ 9,020,512</u>	<u>\$ 248,936</u>	<u>\$ 4,548,799</u>
<b><u>Ending Fund Balances</u></b>					
Actual Amount (Budgetary Basis)	\$ 6,618,362	\$ 33,602	\$ 449,803	\$ 2,249,253	\$ 4,183,965
Differences - (Budget to GAAP)					
The County budgets for transactions only to the extent they are expected to be received or paid rather than on the modified accrual basis.	<u>634,471</u>	<u>(36,694)</u>	<u>(72,342)</u>	<u>(1,311)</u>	<u>2,533,030</u>
Total Ending Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 7,252,833</u>	<u>\$ (3,092)</u>	<u>\$ 377,461</u>	<u>\$ 2,247,942</u>	<u>\$ 6,716,995</u>

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

**June 30, 2015**



**CAMPBELL COUNTY**  
**COMBINING BALANCE SHEET –**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**Other Supplementary Information**  
**June 30, 2015**

	<b>Mental Health Tax Fund</b>	<b>Federal CDBG Grant Fund</b>	<b>Developer Road Escrow</b>	<b>Senior Citizens Tax Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$512,938	\$ 5,500	\$178,609	\$ 134,209	\$ 831,256
Accounts Receivable-Taxes	245,907			122,958	368,865
Total Assets	<u>758,845</u>	<u>5,500</u>	<u>178,609</u>	<u>257,167</u>	<u>1,200,121</u>
<b>LIABILITIES</b>					
Accounts Payable	9,562			3,230	12,792
Accrued Salaries and Payroll Taxes				6,262	6,262
Unearned grant revenue		5,500			5,500
Total Liabilities	<u>9,562</u>	<u>5,500</u>		<u>9,492</u>	<u>24,554</u>
<b>FUND BALANCES</b>					
<b>Restricted For:</b>					
Roads			178,609		178,609
<b>Committed To:</b>					
Social Services				111,689	111,689
General Health and Sanitation	211,384				211,384
<b>Assigned To:</b>					
Social Services				135,986	135,986
General Health and Sanitation	537,899				537,899
Total Fund Balances	<u>\$749,283</u>	<u>\$</u>	<u>\$178,609</u>	<u>\$ 247,675</u>	<u>\$ 1,175,567</u>

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

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

**For the Year Ended June 30, 2015**



**CAMPBELL COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**Other Supplementary Information**  
**For the Year Ended June 30, 2015**

	<b>Mental Health Tax Fund</b>	<b>Federal CDBG Grant Fund</b>	<b>Developer Road Escrow</b>	<b>Senior Citizens Tax Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 915,782	\$	\$	\$ 457,897	\$ 1,373,679
Charges for Services				1,633	1,633
Miscellaneous			10,348	17,528	27,876
Intergovernmental		494,500		67,000	561,500
Interest	1,894		17	933	2,844
Total Revenues	<u>917,676</u>	<u>494,500</u>	<u>10,365</u>	<u>544,991</u>	<u>1,967,532</u>
<b>EXPENDITURES</b>					
General Government	10,826			5,413	16,239
General Health and Sanitation	712,086				712,086
Social Services		494,500		488,704	983,204
Capital Projects				5,496	5,496
Administration				37,932	37,932
Total Expenditures	<u>722,912</u>	<u>494,500</u>	<u></u>	<u>537,545</u>	<u>1,754,957</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	194,764		10,365	7,446	212,575
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers From Other Funds				103,000	103,000
Transfers To Other Funds	(33,333)			(16,666)	(49,999)
Total Other Financing Sources (Uses)	<u>(33,333)</u>	<u></u>	<u></u>	<u>86,334</u>	<u>53,001</u>
Net Change in Fund Balances	161,431		10,365	93,780	265,576
Fund Balances - Beginning	587,852		168,244	153,895	909,991
Fund Balances - Ending	<u>\$ 749,283</u>	<u>\$</u>	<u>\$ 178,609</u>	<u>\$ 247,675</u>	<u>\$ 1,175,567</u>

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

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**CAMPBELL COUNTY**  
**COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUND**  
**Other Supplementary Information**

**June 30, 2015**



**CAMPBELL COUNTY**  
**COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUND**  
**Other Supplementary Information**  
**June 30, 2015**

	<b>Jail Inmate Account</b>	<b>Employee Fund Account</b>	<b>Total Agency Funds</b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 76,842	\$ 16,087	\$ 92,929
Total Assets	<u>76,842</u>	<u>16,087</u>	<u>92,929</u>
<b>Liabilities</b>			
Amounts Held In Custody For Others	<u>76,842</u>	<u>16,087</u>	<u>92,929</u>
Total Liabilities	<u>76,842</u>	<u>16,087</u>	<u>92,929</u>
<b>Net Position</b>			
Net Position	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

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

**For the Year Ended June 30, 2015**



**CAMPBELL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2015**

Federal Grantor CFDA #	Program Title	Pass-Through Grantor's Number	Expenditures
<b><u>Department of Housing and Urban Development</u></b>			
<i>Direct Award:</i>			
14.871	Section 8 Housing Choice Voucher Program	KY136	* \$ 3,856,167
14.896	Family Self Sufficiency Program	2014-FSS-41PH-KY136	11,982
<i>Passed-Through Commonwealth of Kentucky:</i>			
14.228	Community Development Block Grants	Not Available	* <u>494,500</u>
<b>Total U.S. Department of Housing and Urban Development</b>			4,362,649
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Passed-Through Northern Kentucky Area Development District:</i>			
93.044	Title III B-Grants for Supportive Services and Senior Citizens	Not Available	67,000
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Direct Award:</i>			
97.067	Homeland Security Grant Program	Not Available	74,986
<i>Passed-Through Kentucky Department of Military Affairs:</i>			
97.042	Emergency Management Performance Grants	Not Available	<u>57,894</u>
<b>Total U.S. Department of Homeland Security</b>			132,880
<b><u>U.S. Department of Transportation</u></b>			
<i>Passed-Through Kentucky Department of Military Affairs:</i>			
20.600	State and Community Highway Safety	Not Available	<u>28,257</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 4,590,786</u></u>

\*Tested as Major Program or Cluster

**CAMPBELL COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2015**

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*.

Note 2 - Determination of Major Program

The Type A programs for the Fiscal Court are any programs for which total expenditures of federal awards exceed \$300,000 for fiscal year 2015 or were deemed high risk. There were two Type A programs. The major programs tested were:

- CFDA #14.871 Section 8 Housing Choice Voucher Program
- CFDA #14.228 Community Development Block Grants

Note 3 - There were no noncash expenditures of federal awards for fiscal year 2015.

**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**





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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Campbell County Fiscal Court, Inc. (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 16, 2016. Our report includes a reference to other auditors who audited the financial statements of A.J. Jolly Park and the Campbell County Fiscal Court's Housing Department Housing Choice Voucher Program, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

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)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, which is described in the accompany Schedule of Findings and Questioned Costs as finding 2015-001, that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 2015-001.

**Campbell County's Response to Finding**

The Campbell County Judge/Executive's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Judge/Executive's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Dean Dotson Allen Ford, PLLC*

Louisville, Kentucky  
February 16, 2015



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**





Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With OMB Circular A-133

Independent Auditor's Report

The Honorable Steven Pendery, Campbell County Judge/Executive  
Members of the Campbell County Fiscal Court  
Campbell County Fiscal Court  
Newport, Kentucky

**Report on Compliance for Each Major Federal Program**

We have audited the Campbell County Fiscal Court (the County) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

The County's basic financial statements include the operations of the Campbell County Fiscal Court's Housing Department Housing Choice Voucher Program (the Program), which received \$3,875,990 in federal awards during the year ended June 30, 2015. We did not audit the Program. The County engaged other auditors to perform an audit of the operations of the Program in accordance with Circular A-133, whose report has been furnished to us. Our audit, as described below, insofar as it relates to the Program is based upon the reports of other auditors.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Auditor's Responsibility (Continued)**

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

**Opinion on Each Major Federal Program**

In our opinion, based on our audit and the report of the other auditors, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Other Matters**

The results of the auditing procedures performed by the other auditors disclosed an instance of noncompliance with the compliance requirements referred to above that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompany Schedule of Findings and Questioned Costs as finding 2015-002. Our opinion on each major federal program is not modified with respect to this matter.

Management's response to the noncompliance finding identified in the audit is described in the accompanying Schedule of Findings and Questioned Costs. Management's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

**Report on Internal Control over Compliance (Continued)**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, the other auditors identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as finding 2015-002 that we consider to be a significant deficiency.

Management's response to the internal control over compliance finding identified in the audit is described in the accompanying Schedule of Findings and Questioned Costs. Management's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Dean Dotson Allen Ford, PLLC*

Louisville, Kentucky  
February 16, 2015

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

**For The Year Ended June 30, 2015**





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

**Fiscal Year Ended June 30, 2015**

**Section I: Summary of Auditor's Results**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Is any noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

***Federal Awards***

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Are any audit findings disclosed that are required to be reported in accordance with <u>U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, Section .510(a)</u> ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Identification of major programs:

CFDA Numbers and Name of Federal Program or Cluster

14.871 Housing Choice Voucher Program*
14.228 Community Development Block Grants

Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Is the auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

\* - Audited by other auditors.

**CAMPBELL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2015**  
**(Continued)**

**Section II – Financial Statement Findings:**

2015-001 The Jailer Was Not Paid In Accordance With The Maximum Salary Authorization Set For Calendar Year 2014

---

*Condition:* The County Jailer was overpaid during calendar year 2014. During calendar year 2014, he was compensated \$97,775 plus an additional \$6,600 for car allowance (which is prohibited per KRS 64.710), resulting in a total overpayment of \$6,600.

*Criteria:* The maximum salary set by the Kentucky Department for Local Government for the County Jailer was \$97,775. KRS 64.710 prohibits providing a car allowance to the Jailer.

*Cause:* Controls were not in place to ensure that officials were paid appropriately, in accordance with applicable laws and regulations.

*Effect:* The Jailer was paid \$6,600 for car allowance (which is prohibited per KRS 64.710), resulting in a total overpayment of \$6,600.

*Recommendation:* We recommend the County establish and implement controls to ensure that officials are paid in accordance with the maximum salary authorization schedule set by the Kentucky Department for Local Government.

*Management Response:* Campbell County agrees with the finding and will ensure the overpayment will be recouped from the Jailer. The County has implemented controls to help ensure elected officials are paid in accordance with the salary authorization schedule set by the Kentucky Department for Local Government.

**CAMPBELL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2015**  
**(Continued)**

**Section III – Federal Award Findings and Questioned Costs:**

*Federal Program:* CFDA 14.871 Housing Choice Voucher Program

*Award Number and Year:* KY136 2015

*Name of Federal Agency and Pass-Through Agency:* U.S. Dept of Housing and Urban Development direct award

*Compliance Requirements:* Reporting

*Type of Finding:* Compliance

*Amount of Questioned Costs:* \$0

---

2015-002 CFDA 14.871 Section 8 Housing Choice Vouchers Program Did Not Submit Financial Information Timely

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*Condition:* Campbell County Fiscal Court's Housing Department Housing Choice Voucher Program (the Program) did not submit its unaudited financial information for the fiscal year ended June 30, 2014 until September 2015. The Program's audited submission is currently in draft status.

*Criteria:* 24 CFR 5.801, *Uniform Financial Reporting Standards*, requires unaudited financial statements to be submitted 60 days after the fiscal year end and audited financial statements to be submitted no later than 9 months after the fiscal year end.

*Cause:* The Program lacked formal procedures to ensure reporting deadlines were met.

*Effect:* The Program was not in compliance with reporting requirements.

*Recommendation:* We recommend the Program implement formal procedures to ensure compliance with reporting requirements of federal awards.

*Management Response:* Management concurs.

**Section IV – Summary Schedule of Prior Audit Findings (FEDERAL FINDINGS ONLY)**

None.

