



Report of the Audit

for

**CAMPBELL COUNTY FISCAL
COURT**

For The Fiscal Year Ended June 30, 2018

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

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 Fiscal Court, Kentucky (the Fiscal Court), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fiscal Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Campbell County Fiscal Court Housing Department Housing Choice Voucher Program, a major Special Revenue Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based upon the report of other auditors.

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:

	Percent of Assets	Percent of Fund Balance / Net Position	Percent of Revenues
Government-Wide Financial Statements			
Primary Government - Governmental Activities	0.18%	0.50%	10.63%
Fund Financial Statements			
Governmental Funds	0.53%	0.51%	10.64%

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.

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Auditor's Responsibility (Continued)

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 the Fiscal Court, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 5 through 14, Budgetary Comparison Schedules on pages 70 through 74, the Schedule of the Fiscal Court's Proportionate Share of the Net Pension Liability on page 78, the Schedule of the Fiscal Court Pension Contributions on page 79, the Schedule of the Fiscal Court's Proportionate Share of the Net OPEB Liability on page 81, and the Schedule of the Fiscal Court OPEB Contributions on page 82 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.

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Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fiscal Court's basic financial statements. The combining governmental and fiduciary fund financial statements and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019 on our consideration of the Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fiscal Court's internal control over financial reporting and compliance.

Dean Dorton Allen Ford, PLLC

Louisville, Kentucky
November 4, 2019

CAMPBELL COUNTY OFFICIALS

For The Year Ended June 30, 2018

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, 2018

The financial management of the Campbell County Fiscal Court, Kentucky (the Fiscal Court) offers readers of the financial statements this narrative overview and analysis of the financial activities of the Fiscal Court for the fiscal year ended June 30, 2018.

Financial Highlights

- Campbell County's net position was \$25,869,888 as of June 30, 2018, of which (\$3,178,889) is unrestricted. In the business-type activities, cash and cash equivalents were \$676,076, with total net position of \$1,163,785. Total debt principal outstanding as of June 30, 2018 was \$19,887,298 with \$1,692,280 due within one year.
- The government's total net position decreased by \$6,293,897 during the current year. Revenues increased overall by approximately 5%. Expenses increased 15% over the prior year.
- At the close of the current fiscal year, the Fiscal Court's balance sheet for Governmental Funds reported a fund balance of \$24,052,865. Of this amount, \$20,689,872 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 the Fiscal Court's basic financial statements. The Fiscal Court'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.

Governmental Accounting Standards Board (GASB) Statement No. 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 the Fiscal Court's finances, in a manner similar to a private-sector business. All amounts 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.

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

The *Statement of Activities* presents information showing how the government's net position changed during the fiscal year.

Campbell County
Management's Discussion and Analysis
June 30, 2018
(Continued)

Overview of the Financial Statements (Continued)

The Government-Wide Financial Statements distinguish functions of the Fiscal Court 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*). The Fiscal Court's governmental activities include the general governmental, protection to persons and property, roads, recreation, and social services. The Fiscal Court has three business type activities: A.J. Jolly Park & Recreation (included in the General Fund), A.J. Jolly Golf Course and the Jail Commissary Fund.

The Government-Wide Financial Statements include not only Campbell County Fiscal Court itself (known as the primary government), but also legally separate entities, which have a significant operational or financial relationship with the Fiscal Court. The Fiscal Court has two such entities: Campbell County, Kentucky, Public Parks Corporation and Campbell County, Kentucky, Public Parks Corporation No. 2. These are known as blended component units.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fiscal Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fiscal Court 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 the Governmental Fund Financial Statements 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*.

The Fiscal Court maintains multiple individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental 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 Fiscal Court. The Senior Citizen Tax, Mental Health Tax, Developer Road Escrow, LGEA and the Health Service funds are considered non-major funds and are represented in a combined form.

The Fiscal Court 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.

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 Commissary funds. The Public Parks Corporation fund is considered a non-major fund.

Campbell County
Management's Discussion and Analysis
June 30, 2018
(Continued)

Overview of the Financial Statements (Continued)

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

Table 1
Campbell County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 24,587,623	\$ 20,640,436	\$ 717,116	\$ 773,534	\$ 25,304,739	\$ 21,413,970
Capital assets	46,929,259	47,889,674	888,097	731,853	47,817,356	48,621,527
Total assets	71,516,882	68,530,110	1,605,213	1,505,387	73,122,095	70,035,497
Deferred Outflows of Resources						
Deferred Amount Related to Pension	9,910,902	5,467,602	214,662	110,945	10,125,564	5,578,547
Deferred Amount Related to Post-Employment						
Benefits Other than Pension	2,590,331	-	54,567	-	2,644,898	-
Loss on refunding debt	746,300	830,043			746,300	830,043
Total Deferred Outflows of Resources	13,247,533	6,297,645	269,229	110,945	13,516,762	6,408,590
Liabilities						
Current and other liabilities	2,227,038	2,274,231	32,472	38,919	2,259,510	2,313,150
Long-term liabilities	54,975,898	41,610,690	616,340	356,462	55,592,238	41,967,152
Total liabilities	57,202,936	43,884,921	648,812	395,381	57,851,748	44,280,302
Deferred Inflows of Resources						
Deferred Amount Related to Pension	2,319,200	-	50,232	-	2,369,432	-
Deferred Amount Related to Post-Employment						
Benefits Other than Pension	536,176	-	11,613	-	547,789	-
Total Deferred Inflows of Resources	2,855,376	-	61,845	-	2,917,221	-
Net Position						
Net investment in capital assets, net of related debt	27,041,961	26,225,096	679,396	523,152	27,721,357	26,748,248
Restricted	1,118,719	1,635,087	208,701	208,701	1,327,420	1,843,788
Unrestricted	(3,454,577)	3,082,651	275,688	489,098	(3,178,889)	3,571,749
Total net position	\$ 24,706,103	\$ 30,942,834	\$ 1,163,785	\$ 1,220,951	\$ 25,869,888	\$ 32,163,785

Campbell County
Management's Discussion and Analysis
June 30, 2018
(Continued)

Government-Wide Financial Analysis (Continued)

Changes in Net Position

Governmental Activities. The Fiscal Court's net position decreased \$6,236,731 during fiscal year 2018; key elements of this are as follows:

- Investment in capital assets, net of related debt increased \$816,865. This was primarily due to payments made on the related debt, netted with capital asset additions.
- Deferred Amount on Pension Plan Contributions increased \$2,177,585. This is related to an increase in net pension liability as required by the adoption of GASB 68.
- Deferred Amount Related to Post-Employment Benefits increased \$2,097,109. This is related to an increase in net post-employment benefits liability as required by the adoption of GASB 75.
- Revenues were \$41,547,014 as reflected in the Statement of Activities.
- Expenditures totaled \$41,485,390 as reflected in the Statement of Activities.

Business-type Activities. The Fiscal Court's net position for these activities decreased \$57,166. This is primarily due to a decrease in profits on commissary sales and golf course revenue.

Campbell County
Management's Discussion and Analysis
June 30, 2018
(Continued)

Table 2
Campbell County's Consolidated Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
<i>Program Revenues:</i>						
Charges for Services	\$ 6,314,269	\$ 5,421,845	\$ 1,115,538	\$ 1,208,902	\$ 7,429,807	\$ 6,630,747
Operating Grants and Contributions	7,823,406	7,583,094			7,823,406	7,583,094
Capital Grants and Contributions	821,865	1,044,659			821,865	1,044,659
<i>General Revenues:</i>						
Property Taxes	10,612,216	10,090,996			10,612,216	10,090,996
Occupational Taxes	10,657,241	10,403,710			10,657,241	10,403,710
Other Taxes & Fees	3,997,650	3,620,807			3,997,650	3,620,807
Excess Fees	878,516	889,947			878,516	889,947
Other	536,851	351,707	98	60	536,949	351,767
Total Revenues	41,642,014	39,406,765	1,115,636	1,208,962	42,757,650	40,615,727
Expenses:						
<i>Governmental Activities:</i>						
General Government	15,479,410	11,566,761			15,479,410	11,566,761
Protective Services	11,049,855	10,603,128			11,049,855	10,603,128
Health and Sanitation	1,622,691	1,472,736			1,622,691	1,472,736
Social Services	4,731,606	4,503,304			4,731,606	4,503,304
Recreation and Culture	566,113	531,410			566,113	531,410
Roads	2,665,804	2,508,325			2,665,804	2,508,325
Bus Service	4,533,077	4,364,007			4,533,077	4,364,007
Debt Service	546,967	594,958			546,967	594,958
Other Fiscal Charges						-
Capital Projects	289,867	28,280			289,867	28,280
<i>Business Type Activities:</i>						
Jail Canteen			209,687	164,320	209,687	164,320
A.J. Jolly Golf Course			900,551	793,423	900,551	793,423
A.J. Jolly Park			6,255	6,255	6,255	6,255
Total Expenses	41,485,390	36,172,909	1,116,493	963,998	42,601,883	37,136,907
Transfers	(95,000)		95,000			
Change in net position	61,624	3,233,856	94,143	244,964	155,767	3,478,820
Net Position-Beginning	30,942,834	27,708,978	1,220,951	975,987	32,163,785	28,684,965
Cumulative effect on prior years (to June 30, 2017) resulting from the retroactive change in accounting for postemployment benefits other than pensions	(6,298,355)	-	(151,309)	-	(6,449,664)	-
Net Position-Beginning (as adjusted)	24,644,479	27,708,978	1,069,642	975,987	25,714,121	28,684,965
Net Position-Ending	<u>\$ 24,706,103</u>	<u>\$ 30,942,834</u>	<u>\$ 1,163,785</u>	<u>\$ 1,220,951</u>	<u>\$ 25,869,888</u>	<u>\$ 32,163,785</u>

**Campbell County
Management's Discussion and Analysis
June 30, 2018
(Continued)**

Financial Analysis of the Fiscal Court's Funds

As noted earlier, the Fiscal Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview. The focus of the Fiscal Court's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Fiscal Court'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, 2018, the combined ending fund balance of the governmental funds was \$24,052,865. Approximately 86% (\$20,689,872) 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 (\$3,362,993) is reserved to indicate that it is not available for new spending because it is restricted or committed.

The Fiscal Court 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 Senior Citizen Tax Fund, LGEA Fund, the Mental Health Tax Fund, and the Health Services Fund.

1. The General Fund is the chief operating fund of the Fiscal Court. At the end of the June 30, 2018 fiscal year, the total fund balance of the General Fund was \$10,636,904, \$10,038,831 of which was unreserved. The Fiscal Court received \$8,896,889 in Real Property tax revenues, which accounts for approximately 49% of the general fund revenue. \$3,997,458 was received from personal property, motor vehicle and insurance taxes which is approximately 22% of the Fiscal Court's general fund revenues. Sheriff and Clerk fees accounted for \$878,516 or 5% of general fund revenues. Various other taxes, service fees and investment earnings make up the remaining 24% of revenues.
2. The Road Fund is the fund related to county road and bridge construction and maintenance. The Road Fund had \$497,876 in fund balance at June 30, 2018. The fund balance at the end of the previous year was \$415,664. The fiscal year 2018 expenditures for road projects were \$3.5 million. State funding provided approximately \$1,340,000 in funding for road projects during the fiscal year. Transfers from the Payroll Tax 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, 2018 of \$808,559, all of which was unreserved. The Jail Fund received \$5,532,190 from the state and federal governments for services, primarily for housing prisoners. Transfers totaling \$3,989,876 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, 2018 the balance in this fund was \$10,437,858.

**Campbell County
Management's Discussion and Analysis
June 30, 2018
(Continued)**

Financial Analysis of the Fiscal Court's Funds (Continued)

5. The Housing Choice Voucher Program ended the 2018 fiscal year with a fund balance of \$123,784. The previous year balance was \$230,693. 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, 2018 the balance in this fund was \$0.
7. The total fund balance for the non-major funds as of June 30, 2018 was \$1,547,884. Total expenditures for the non-major funds for the year were \$1,608,206. Revenue sources for the non-major funds include occupational license and payroll taxes designated for senior citizens and mental health programs in Campbell County.

Proprietary Funds Overview. The Fiscal Court's Proprietary Fund Statements provide the same type of information found in the *business-type activities* column of the Government-Wide Financial Statements, but in more detail.

The Fiscal Court 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, 2018 amounted to \$514,305. The entirety of the Park's assets consists of capital assets such as land and land improvements for the golf and general recreation facility. Net capital assets for the park amounted to \$514,305 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 Fiscal Court, for management.
2. A.J. Jolly Golf Course Fund's net position at June 30, 2018 was \$(151,418). Revenues for the golf course amounted to \$798,740 and were derived primarily from user fees.
3. The Jail Commissary Fund had net assets of \$808,235 as of June 30, 2018 with a cash balance of \$563,501. Most of the revenue for this fund is derived from sales to 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 franchise corporation taxes, deed transfer taxes and insurance license fees revenues than anticipated in the budget.

Actual operating expenditures were less than the budget amended by the Fiscal Court. This was primarily due to the deferral of certain capital improvement projects.

Campbell County
Management's Discussion and Analysis
June 30, 2018
(Continued)

Capital Assets and Debt Administration

Capital Assets. The Fiscal Court's investment in capital assets for its *governmental* and *business-type activities* as of June 30, 2018, amounted to \$47,817,356 (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 Fiscal Court has elected to report infrastructure assets per GASB 34 provisions.

Major capital asset additions during the 2018 fiscal year included road and infrastructure improvements, and the completion of the jail expansion project.

Additional information on the Fiscal Court'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	
	2018	2017	2018	2017	2018	2017
Infrastructure assets	\$ 9,989,068	\$ 10,035,028	\$	\$	\$ 9,989,068	\$ 10,035,028
Land	4,231,925	4,231,925	497,462	497,462	4,729,387	4,729,387
Construction in process & Bldgs & Improvements	29,528,937	30,476,449	46,232	57,007	29,575,169	30,533,456
Other Equipment	1,860,412	1,990,659	319,943	149,834	2,180,355	2,140,493
Vehicles & Equipment	1,318,917	1,155,613	24,460	27,550	1,343,377	1,183,163
Total capital assets, net of accumulated depreciation	\$ 46,929,259	\$ 47,889,674	\$ 888,097	\$ 731,853	\$ 47,817,356	\$ 48,621,527

Long-Term Debt. At the end of the 2018 fiscal year, the Fiscal Court had total bonds payable of \$19,887,298. The amount of this debt due within the next year is \$1,692,280 and \$18,195,018 is due in subsequent years. This debt is for the jail facilities and jail expansion project, County Administration Building, park facilities and equipment and emergency dispatch center equipment. This debt is described in note 6 of the notes to the financial statements.

Other matters

The following factors were expected to have a significant effect on the Fiscal Court's financial position or results of operations and were taken into account in developing the 2019 fiscal year budget:

- ☐ The 2019 fiscal year budget will continue 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 increasing cost of housing prisoners in the Campbell County Detention Center continues to be a significant factor in budgeting and accounts for approximately 30% of the overall county spending. One of the primary challenges is recruiting and retaining employees. A pay restructuring program was built into the 2019 fiscal year budget.
- ☐ The most significant factors that will impact the 2019 fiscal year budget is related to pension costs and health insurance premiums. The estimated increases in pension costs and health insurance premiums for 2019 is \$280,000 and \$368,000, respectively, for the county overall.

Campbell County
Management's Discussion and Analysis
June 30, 2018
(Continued)

Requests for Information

This financial report is designed to provide a general overview of Fiscal Court'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 Director, Campbell County Fiscal Court, 1098 Monmouth St. Newport, KY 41071.

**CAMPBELL COUNTY
STATEMENT OF NET POSITION**

June 30, 2018

CAMPBELL COUNTY
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 18,434,994	\$ 676,076	\$ 19,111,070
Restricted Cash and Cash Equivalents	598,073		598,073
Accounts Receivable	5,554,556	41,040	5,595,596
Total Current Assets	24,587,623	717,116	25,304,739
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land	4,231,925	497,462	4,729,387
Land Improvements	500,123	41,717	541,840
Buildings	29,028,814	4,515	29,033,329
Golf Equipment		50,991	50,991
Clubhouse Furniture and Fixtures		147	147
Other Equipment	1,860,412	268,805	2,129,217
Vehicles and Equipment	1,318,917	24,460	1,343,377
Infrastructure Assets - Net of Accumulated Depreciation	9,989,068		9,989,068
Total Noncurrent Assets	46,929,259	888,097	47,817,356
Total Assets	71,516,882	1,605,213	73,122,095
Deferred Outflows of Resources			
Deferred Amount Related to Pension Plan	9,910,902	214,662	10,125,564
Deferred Amount Related to Post-Employment Benefits other than Pension	2,590,331	54,567	2,644,898
Loss on Refunding Debt	746,300		746,300
Total Deferred Outflows of Resources	13,247,533	269,229	13,516,762
Liabilities			
Current Liabilities:			
Accounts Payable	276,810	21,005	297,815
Accrued Liabilities	1,258		1,258
Accrued Salaries and Payroll Taxes	256,690	11,467	268,157
Bonds Payable	1,692,280		1,692,280
Total Current Liabilities	2,227,038	32,472	2,259,510
Noncurrent Liabilities:			
Bonds Payable	18,195,018		18,195,018
Net Pension Liability	27,239,267	410,464	27,649,731
Net Post-Employment Benefits other than Pension Liability	9,505,267	205,876	9,711,143
Compensated Absences	36,346		36,346
Total Noncurrent Liabilities	54,975,898	616,340	55,592,238
Total Liabilities	57,202,936	648,812	57,851,748
Deferred Inflows of Resources			
Deferred Amount Related to Pension Plan	2,319,200	50,232	2,369,432
Deferred Amount Related to Post-Employment Benefits other than Pension	536,176	11,613	547,789
Total Deferred Inflows of Resources	2,855,376	61,845	2,917,221

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

CAMPBELL COUNTY
STATEMENT OF NET POSITION
June 30, 2018
(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Net Position			
Invested in Capital Assets,			
Net of Related Debt	\$ 27,041,961	\$ 888,097	\$ 27,930,058
Restricted For:			
Roads	186,376		186,376
Social Services	123,784		123,784
Protection to Persons and Property	808,559		808,559
Unrestricted	(3,454,577)	275,688	(3,178,889)
Total Net Position	<u>\$ 24,706,103</u>	<u>\$ 1,163,785</u>	<u>\$ 25,869,888</u>

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

**CAMPBELL COUNTY
STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2018

CAMPBELL COUNTY
STATEMENT OF ACTIVITIES
June 30, 2018

		Program Revenues Received		
Functions/Programs Reporting Entity	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 15,479,410	547,897	\$ 1,165,340	\$
Protection to Persons and Property	11,049,855	5,061,597	1,799,106	
General Health and Sanitation	1,622,691	236,442	3,652	
Social Services	4,731,606	427,967	4,007,374	
Recreation and Culture	566,113	40,366		
Roads	2,665,804		525,839	821,865
Bus Services	4,533,077		322,095	
Debt Service	546,967			
Capital Projects	289,867			
Total Governmental Activities	41,485,390	6,314,269	7,823,406	821,865
Business-Type Activities:				
A.J. Jolly Park	6,255			
A.J. Jolly Golf Course	900,551	798,740		
Jail Commissary	209,687	316,798		
Total Business-Type Activities	1,116,493	1,115,538		
Total Primary Government	\$ 42,601,883	\$ 7,429,807	\$ 7,823,406	\$ 821,865

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

Change in Net Position

Net Position - beginning (as previously stated)

Cumulative effect on prior years (to June 30, 2017)
resulting from the retroactive change in accounting for
postemployment benefits other than pensions (See
Note 1)

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, 2018
(Continued)

**Net (Expenses) Revenues
and Changes in Net Position
Primary Government**

Governmental Activities	Business-Type Activities	Totals
(13,766,173)	\$	\$ (13,766,173)
(4,189,152)		(4,189,152)
(1,382,597)		(1,382,597)
(296,265)		(296,265)
(525,747)		(525,747)
(1,318,100)		(1,318,100)
(4,210,982)		(4,210,982)
(546,967)		(546,967)
(289,867)		(289,867)
<u>(26,525,850)</u>		<u>(26,525,850)</u>
	(6,255)	(6,255)
	(101,811)	(101,811)
	<u>107,111</u>	<u>107,111</u>
	<u>(955)</u>	<u>(955)</u>
<u>(26,525,850)</u>	<u>(955)</u>	<u>(26,526,805)</u>
8,896,889		8,896,889
808,696		808,696
906,631		906,631
10,657,241		10,657,241
1,650,443		1,650,443
65,077		65,077
2,282,130		2,282,130
878,516		878,516
25,628	98	25,726
219,299		219,299
291,924		291,924
(95,000)	95,000	
<u>26,587,474</u>	<u>95,098</u>	<u>26,682,572</u>
<u>61,624</u>	<u>94,143</u>	<u>155,767</u>
<u>30,942,834</u>	<u>1,220,951</u>	<u>32,163,785</u>
(6,298,355)	(151,309)	(6,449,664)
<u>24,644,479</u>	<u>1,069,642</u>	<u>25,714,121</u>
<u>\$ 24,706,103</u>	<u>\$ 1,163,785</u>	<u>\$ 25,869,888</u>

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

CAMPBELL COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

CAMPBELL COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Road Fund	Jail Fund	Capital Projects Fund
ASSETS				
Cash and Cash Equivalents	\$ 9,083,836	\$ 217,454	\$ 63,795	\$
Accounts Receivable - Taxes	803,569			
Accounts Receivable - Excess Fees	170,977			
Accounts Receivable - Intergovernmental	48,501	328,787	859,277	
Accounts Receivable - Charges for Services	60		73,256	
Accounts Receivable - Miscellaneous	158,071		51,162	
Restricted Cash - Police Forfeiture	51,450			
Restricted Cash - Court Filing Fees	546,623			
Total Assets	<u>10,863,087</u>	<u>546,241</u>	<u>1,047,490</u>	
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	109,462	25,717	130,135	
Accrued Salaries and Payroll Taxes	116,721	22,648	108,796	
Other Liabilities				
Total Liabilities	<u>226,183</u>	<u>48,365</u>	<u>238,931</u>	
FUND BALANCES				
Restricted For:				
Social Services				
Protection to Persons and Property	598,073			
Roads				
Committed To:				
Social Services				
Bus Service				
General Health and Sanitation				
Assigned To:				
Roads		497,876		
Protection to Persons and Property			808,559	
Social Services	1,135,880			
Bus Service				
Unassigned	8,902,951			
Total Fund Balances	<u>10,636,904</u>	<u>497,876</u>	<u>808,559</u>	<u>-</u>
Total Liabilities and				
Fund Balances	<u>\$ 10,863,087</u>	<u>\$ 546,241</u>	<u>\$ 1,047,490</u>	<u>\$ 0</u>

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

CAMPBELL COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018
(Continued)

(TANK) Payroll Tax Fund	Housing Choice Voucher Program	Non- Major Funds	Total Governmental Funds
\$ 7,781,848	\$ 130,880	\$ 1,157,181	\$ 18,434,994
2,333,915		389,028	3,526,512
			170,977
322,095		15,858	1,574,518
			73,316
			209,233
			51,450
			546,623
<u>10,437,858</u>	<u>130,880</u>	<u>1,562,067</u>	<u>24,587,623</u>
		11,496	276,810
	5,838	2,687	256,690
	1,258		1,258
<u>-</u>	<u>7,096</u>	<u>14,183</u>	<u>534,758</u>
	123,784		123,784
			598,073
		186,376	186,376
		431,931	431,931
1,093,252			1,093,252
		929,577	929,577
			497,876
			808,559
			1,135,880
9,344,606			9,344,606
			8,902,951
<u>10,437,858</u>	<u>123,784</u>	<u>1,547,884</u>	<u>24,052,865</u>
<u>\$ 10,437,858</u>	<u>\$ 130,880</u>	<u>\$ 1,562,067</u>	<u>\$ 24,587,623</u>

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

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

June 30, 2018

CAMPBELL COUNTY
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
For The Year Ended June 30, 2018

Total fund balances - Governmental Funds	\$ 24,052,865
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	98,146,809
Accumulated depreciation	(51,217,550)
Discounts on bonds reported in Governmental Activities are not financial resources and therefore are not reported in the funds	77,139
Premiums on bonds reported in Governmental Activities are not financial resources and therefore are not reported in the funds	(289,437)
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	(1,670,000)
Due in more than one year-bonds, notes and other principal payments	(18,005,000)
Compensated absences	(36,346)
Loss on refunding debt is recorded as a deferred outflow of resources on the Statement of Net Position	746,300
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	(20,183,741)
Long-term liabilities and deferred inflows and outflows of resources are not financial resources or current liabilities, and therefore, the net impact of the post-employment benefits other than pension liabilities and deferred inflows and outflows of resources are not reported in the Governmental Funds	(6,914,936)
Net position of Governmental Activities	<u>\$ 24,706,103</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, 2018

CAMPBELL COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2018

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Capital Projects Fund</u>
REVENUES				
Taxes	\$ 14,609,866	\$	\$	\$
Excess Fees	878,516			
Licenses and Permits	328,717	517		
Intergovernmental	583,353	1,336,876	5,532,190	
Charges for Services	265,719		339,426	
Miscellaneous	1,548,322	39,596	467,190	
Interest	3,774	95	50	24
Total Revenues	<u>18,218,267</u>	<u>1,377,084</u>	<u>6,338,856</u>	<u>24</u>
EXPENDITURES				
General Government	3,916,000			
Protection to Persons and Property	3,150,596		7,149,456	
General Health and Sanitation	519,182			
Social Services	63,377		52,272	
Recreation and Culture	467,877			
Roads		1,735,264		
Bus Service				
Debt Service	913,760	79,920	1,246,824	
Capital Projects	274,520	1,182,640		244,684
Administration	3,351,360	547,048	1,932,441	
Total Expenditures	<u>12,656,672</u>	<u>3,544,872</u>	<u>10,380,993</u>	<u>244,684</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	5,561,595	(2,167,788)	(4,042,137)	(244,660)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	13,974			
Transfers From Other Funds	84,881	2,250,000	3,989,876	
Transfers To Other Funds	(4,171,800)			(97,957)
Total Other Financing Sources (Uses)	<u>(4,072,945)</u>	<u>2,250,000</u>	<u>3,989,876</u>	<u>(97,957)</u>
Net Change in Fund Balances	1,488,650	82,212	(52,261)	(342,617)
Fund Balances - Beginning	9,148,254	415,664	860,820	342,617
Fund Balances - Ending	<u>\$ 10,636,904</u>	<u>\$ 497,876</u>	<u>\$ 808,559</u>	<u>\$ -</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, 2018
(Continued)

(TANK) Payroll Tax Fund	Housing Choice Voucher Program	Non- Major Funds	Total Governmental Funds
\$ 9,134,722	\$	\$ 1,522,519	\$ 25,267,107
			878,516
			329,234
322,095	4,007,374	242,753	12,024,641
	418,268	4,079	1,027,492
	2,449	17,865	2,075,422
18,682	205	2,798	25,628
<u>9,475,499</u>	<u>4,428,296</u>	<u>1,790,014</u>	<u>41,628,040</u>
125,423	373,547	20,904	4,435,874
			10,300,052
		1,088,593	1,607,775
	4,161,658	401,243	4,678,550
			467,877
		37,593	1,772,857
4,533,077			4,533,077
			2,240,504
		18,627	1,720,471
8,502		41,246	5,880,597
<u>4,667,002</u>	<u>4,535,205</u>	<u>1,608,206</u>	<u>37,637,634</u>
4,808,497	(106,909)	181,808	3,990,406
			13,974
		7,500	6,332,257
(2,150,000)		(7,500)	(6,427,257)
<u>(2,150,000)</u>	<u>-</u>	<u>-</u>	<u>(81,026)</u>
2,658,497	(106,909)	181,808	3,909,380
7,779,361	230,693	1,366,076	20,143,485
<u>\$ 10,437,858</u>	<u>\$ 123,784</u>	<u>\$ 1,547,884</u>	<u>\$ 24,052,865</u>

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

**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, 2018

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, 2018

Net change in fund balances - Governmental Funds	\$ 3,909,380
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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:

Capital outlays	1,430,604
Depreciation expense	(2,391,019)

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

Change in compensated absences	(1,687)
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Net difference between pension plan contributions of \$822,395 reported as expense in the Governmental Funds and the post employment benefit expense of \$2,232,221 reported in the Statement of Activities

	(3,355,934)
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Net difference between postemployment benefits contributions of \$586,180 reported as expense in the Governmental Funds and the pension expense of \$1,809,437 reported in the Statement of Activities

	(1,223,257)
--	-------------

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

Repayment of long term debt principal	1,755,000
Amortization of loss on refunding debt	(83,743)
Amortization of bond premiums and bond discount	22,280

Change in net position of Governmental Activities	\$ 61,624
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CAMPBELL COUNTY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2018

CAMPBELL COUNTY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2018

	Business-Type Activities - Enterprise Funds			
	A.J. Jolly Park	A.J. Jolly Golf Course Fund	Jail Commissary Fund	Totals
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 112,575	\$ 563,501	\$ 676,076
Accounts Receivable			41,040	41,040
Total Current Assets		112,575	604,541	717,116
Noncurrent Assets:				
Capital Assets:				
Land	497,462			497,462
Vehicles			30,897	30,897
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		123,174	199,627	322,801
Less Accumulated Depreciation	(807,536)	(820,459)	(18,507)	(1,646,502)
Total Noncurrent Assets	514,305	161,775	212,017	888,097
Total Assets	514,305	274,350	816,558	1,605,213
Deferred Outflows of Resources				
Deferred Amount Related to Pension Plan		214,662		214,662
Deferred Amount Related to Post-Employment Benefits other than Pension		54,567		54,567
Liabilities				
Current Liabilities:				
Accounts Payable		13,361	7,644	21,005
Accrued Wages		10,788	679	11,467
Total Current Liabilities		24,149	8,323	32,472
Noncurrent Liabilities:				
Net Pension Liability		410,464		410,464
Net Post-Employment Benefits other than Pension Liability		205,876		205,876
Total Liabilities		640,489	8,323	648,812
Deferred Inflows of Resources				
Deferred Amount Related to Pension Plan		50,232		50,232
Deferred Amount Related to Post-Employment Benefits other than Pension		11,613		11,613
Net Position				
Invested in Capital Assets, Net of Related Debt - Unrestricted	305,604	161,775	212,017	679,396
Invested in Capital Assets, Net of Related Debt - Restricted	208,701			208,701
Unrestricted		(320,530)	596,218	275,688
Total Net Position	\$ 514,305	\$ (158,755)	\$ 808,235	\$ 1,163,785

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

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

For The Year Ended June 30, 2018

CAMPBELL COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
For The Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	A.J. Jolly Park	A.J. Jolly Golf Course Fund	Jail Commissary Fund	Totals
Operating Revenues				
Golf	\$	\$ 472,585	\$	\$ 472,585
Rentals-Power Carts		171,146		171,146
Rentals-Miscellaneous		2,240		2,240
Commissary Sales-Cigarettes/Soaps			159,731	159,731
Commissary Profits			157,067	157,067
Concession Commissions		132,662		132,662
Miscellaneous Revenue		20,107		20,107
Total Operating Revenues		<u>798,740</u>	<u>316,798</u>	<u>1,115,538</u>
Operating Expenses				
Protection to Persons and Property			36,595	36,595
Educational and Recreational			51,110	51,110
Payments to Suppliers			121,982	121,982
Golf	2,270	404,921		407,191
Clubhouse	3,985	495,630		499,615
Total Operating Expenses	<u>6,255</u>	<u>900,551</u>	<u>209,687</u>	<u>1,116,493</u>
Operating Income (Loss)	(6,255)	(101,811)	107,111	(955)
Nonoperating Revenues				
Transfer from other funds		95,000		95,000
Interest Income		16	82	98
Total Nonoperating Revenues	<u>-</u>	<u>95,016</u>	<u>82</u>	<u>95,098</u>
Change In Net Position	(6,255)	(6,795)	107,193	94,143
Net Position - beginning	520,560	(651)	701,042	1,220,951
Cumulative effect on prior years (to June 30, 2017) resulting from the retroactive change in accounting for postemployment benefits other than pensions (See Note 1)		<u>(151,309)</u>		<u>(151,309)</u>
Net Position - beginning (as adjusted)	520,560	(151,960)	701,042	1,069,642
Net Position - ending	<u>\$ 514,305</u>	<u>\$ (158,755)</u>	<u>\$ 808,235</u>	<u>\$ 1,163,785</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, 2018

CAMPBELL COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	A.J. Jolly Park	A.J. Jolly Golf Course Fund	Jail Commissary Fund	Totals
Cash Flows From Operating Activities				
Receipts from Green Fees	\$	\$ 472,585	\$	\$ 472,585
Rental for Golf Carts		171,146		171,146
Miscellaneous Rentals		2,240		2,240
Receipts from Concession Sales		132,662		132,662
Miscellaneous Income		20,107		20,107
Receipts from Sale of Cigarettes/Soaps			159,731	159,731
Commissary Profits			157,067	157,067
Payments to Employees		(512,100)	(35,303)	(547,403)
Educational and Recreational			(51,110)	(51,110)
Payments to Suppliers		(348,327)	(121,532)	(469,859)
Net Cash Provided (Used) By Operating Activities		(61,687)	108,853	47,166
Cash Flows From Noncapital Financing Activities				
Transfers In/Out	-	95,000	-	95,000
Net Cash Provided By Noncapital Financing Activities	-	95,000		95,000
Cash Flows From Capital and Related Financing Activities				
Purchases of capital assets		(62,167)	(149,150)	(211,317)
Net Cash Used By Capital and Related Financing Activities		(62,167)	(149,150)	(211,317)
Cash Flows From Investing Activities				
Interest Earned		16	82	98
Net Cash Provided By Investing Activities		16	82	98
Net Decrease in Cash and Cash Equivalents		(28,838)	(40,215)	(69,053)
Cash and Cash Equivalents - July 1, 2017		141,413	603,716	745,129
Cash and Cash Equivalents - June 30, 2018	\$ 0	\$ 112,575	\$ 563,501	\$ 676,076
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	A.J. Jolly Park	A.J. Jolly Golf Course Fund	Jail Commissary Fund	Totals
Operating Income (Loss)	\$ (6,255)	\$ (101,811)	\$ 107,111	\$ (955)
Adjustments:				
Depreciation Expense	6,255	36,181	12,636	55,072
Pension Expense		1,526		1,526
Changes In:				
Accounts Receivable			(12,341)	(12,341)
Accounts Payable		3,094	1,292	4,386
Accrued Liabilities		(677)	155	(522)
Net Cash Provided (Used) By Operating Activities	\$ 0	\$ (61,687)	\$ 108,853	\$ 47,166

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

CAMPBELL COUNTY
STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2018

CAMPBELL COUNTY
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
June 30, 2018

	Agency Funds
Assets	
Cash and Cash Equivalents	\$ 445,434
Total Assets	<u>445,434</u>
Liabilities	
Amounts Held In Custody For Others	<u>445,434</u>
Total Liabilities	<u>445,434</u>
Net Position	
Net Position	<u><u>\$ 0</u></u>

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

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CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Campbell County Fiscal Court (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.)

Change in Accounting Principle

Effective July 1, 2017, the Fiscal Court was required to adopt Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions* (OPEB) (Statement 75). Statement 75 replaces the requirement of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement 75 is applicable for government agencies that provide defined benefit OPEB to recognize their long-term obligation for OPEB as a liability to more comprehensively and comparably measure the annual cost. The Fiscal Court participates in the County Employees Retirement System OPEB plan administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit OPEB plan, which covers all eligible full-time employees and provides health insurance benefits. Cost-sharing governmental employers, such as the Fiscal Court, are required to report a net OPEB liability, OPEB expense, and OPEB-related deferred outflows and inflows of resources based on their proportionate share of the collective amounts for all government agencies in the plan. Net position as of the beginning of the year was reduced by \$6,449,664 to reflect the adoption of Statement 75.

B. Reporting Entity

The financial statements of the Fiscal Court 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 Fiscal Court is financially accountable or the organization's exclusion would cause the 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 Fiscal Court had no discretely presented component units.

Blended Component Unit

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 primary government using the blending method.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

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 the Park's current assets, liabilities, revenues and expenditures were assumed by the A.J. Jolly Golf Course Fund, a proprietary fund of the Fiscal Court, for management. Some of the 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 Fiscal Court.

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 Campbell 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 the Fiscal Court.

- 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, deferred outflows, liabilities and deferred inflows, the difference between them 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

A significant feature of the 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 proprietary funds are reported as separate columns in the Fund 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 source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Jail Fund – The primary purpose of this fund is to account for jail expenses. 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 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 (HUD).

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

Capital Projects 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Non-exchange transactions, in which the Fiscal Court 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 Fiscal Court 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.

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 Fiscal Court'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 Kentucky Revised Statutes (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.

A.J. Jolly Park – This fund accounts for certain capital assets that are part of A.J. Jolly Golf Course.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fiduciary Funds

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The Fiscal Court's agency fund is used to account for monies held by the Fiscal Court 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.

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 Fiscal Court 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.

Note 1. Summary of Significant Accounting Policies (Continued)

G. Capital Assets

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

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

Fiscal Court 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.

Note 1. Summary of Significant Accounting Policies (Continued)

I. Fund Equity (Continued)

Spendable include the following:

- Restricted - amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed - amounts constrained for a specific purpose by the Fiscal Court using its highest level of decision making authority.
- Assigned - for all governmental funds, other than the 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 Fiscal Court or the delegated 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 Fiscal Court issues an ordinance that can only be changed with another corresponding ordinance.

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

It is the policy of the Fiscal Court 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 the expenses made from this fund. However, the Fiscal Court has chosen to budget this fund.

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

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

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 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 Fiscal Court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government’s deposits may not be returned. The 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, 2018, 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 departments. The total expense related to these leases was \$6,764 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2019	\$ 5,439
2020	3,652
2021	1,704
Total Minimum Lease Payments	<u>\$ 10,795</u>

B. Golf Carts

The Fiscal Court entered into a lease for golf carts effective March 2014 for a total rental of \$227,418. Payments were due on the first of the month for April through October each year of the lease term. No payments were required November through March. The first payment on the lease was made in October 2014. The Fiscal Court entered into a new lease agreement for golf carts effective March 2017 for a total rental of \$236,160, which replaced the old lease immediately. 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 September 2017. The total expense related to this lease is \$36,960 for the year ended June 30, 2018.

Minimum future lease payments are as follows:

<u>Year Ended June 30</u>	<u>Business-Type Activities</u>
2019	\$ 55,776
2020	55,776
2021	55,776
2022	31,872
Total Minimum Lease Payments	<u>\$ 199,200</u>

CAMPBELL COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018
(Continued)

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Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 4,231,925	\$	\$	\$ 4,231,925
Capital Assets, Being Depreciated:				
Land Improvements	1,111,616			1,111,616
Buildings	41,562,670	32,169		41,594,839
Other Equipment	4,988,703	227,373		5,216,076
Vehicles and Equipment	4,256,272	486,936	(98,755)	4,644,453
Infrastructure	40,663,774	684,126		41,347,900
Total Capital Assets Being Depreciated	92,583,035	1,430,604	(98,755)	93,914,884
Less Accumulated Depreciation For:				
Land Improvements	(572,921)	(38,572)		(611,493)
Buildings	(11,624,916)	(941,109)		(12,566,025)
Other Equipment	(2,998,044)	(357,620)		(3,355,664)
Vehicles and Equipment	(3,100,659)	(323,632)	98,755	(3,325,536)
Infrastructure	(30,628,746)	(730,086)		(31,358,832)
Total Accumulated Depreciation	(48,925,286)	(2,391,019)	98,755	(51,217,550)
Total Capital Assets, Being Depreciated, Net	43,657,749	(960,415)		42,697,334
Governmental Activities Capital Assets, Net	\$ 47,889,674	\$ (960,415)	\$ 0	\$ 46,929,259

CAMPBELL COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018
(Continued)

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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
Construction in Process			-	
Total Capital Assets Not Being Depreciated	497,462		-	497,462
Land Improvements	728,875			728,875
Buildings	140,704			140,704
Vehicles	30,897			30,897
Clubhouse Furniture and Fixtures	106,097			106,097
Golf Equipment	707,763			707,763
Other Equipment	111,485	211,316		322,801
Total Capital Assets Being Depreciated	1,825,821	211,316		2,037,137
Less Accumulated Depreciation For:				
Land Improvements	(680,368)	(6,790)		(687,158)
Buildings	(132,204)	(3,985)		(136,189)
Vehicles	(3,347)	(3,090)		(6,437)
Clubhouse Furniture and Fixtures	(105,436)	(514)		(105,950)
Golf Equipment	(639,381)	(17,391)		(656,772)
Other Equipment	(30,694)	(23,302)		(53,996)
Total Accumulated Depreciation	(1,591,430)	(55,072)		(1,646,502)
Total Capital Assets, Being Depreciated, Net	234,391	156,244		390,635
Business-Type Activities Capital Assets, Net	\$ 731,853	\$ 156,244	\$ -	\$ 888,097

CAMPBELL COUNTY
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June 30, 2018
(Continued)

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Note 4. Capital Assets (Continued)

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

Governmental Activities:

General Government	\$ 583,748
Protection to Persons and Property	748,116
General Health and Sanitation	14,916
Social Services	53,056
Recreation and Culture	98,236
Roads, Including Depreciation of General Infrastructure Assets	892,947
Total Depreciation Expense - Governmental Activities	<u>\$ 2,391,019</u>

Business-Type Activities:

Jail Commissary	12,636
A.J. Jolly Golf Course	36,181
A.J. Jolly Park	6,255
Total Depreciation Expense - Business-Type Activities	<u>\$ 55,072</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 the Fiscal Court: Campbell County Consolidated Dispatch Board. This joint venture is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on the Fiscal Court in the future.

Note 6. Long-term Debt

A. General Obligation Refunding Bonds, Series 2012

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 2023. Interest is payable semi-annually on June 1 and December 1 at a rate of 2.00%. Bonds outstanding at June 30, 2018 were \$415,000.

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
2019	\$ 75,000	\$ 7,550
2020	85,000	5,950
2021	85,000	4,250
2022	80,000	2,600
2023	90,000	900
Totals	\$ 415,000	\$ 21,250

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.

This bond matured and was paid off in full during fiscal year 2017.

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. Proceeds of the bonds were principally used for construction of the Campbell County Administration Building.

On January 20, 2016, the Fiscal Court issued General Obligation Refunding Bonds, Series 2016 which resulted in \$5,990,000 of the outstanding balance of General Obligation Public Project Bonds, Series 2008 being defeased as detailed in paragraph G.

This bond matured and was paid off in full during fiscal year 2018.

Note 6. Long-term Debt (Continued)

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 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, 2018 were \$2,090,000.

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

Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2019	\$ 105,000	\$ 60,825
2020	105,000	58,725
2021	110,000	56,575
2022	110,000	53,825
2023	115,000	50,450
2024-2028	635,000	197,050
2029-2033	745,000	91,950
2034	165,000	2,888
Totals	<u>\$ 2,090,000</u>	<u>\$ 572,288</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 Fiscal Court'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 decreased debt service payments over the following ten years by approximately \$550,000 resulting in net present value savings of \$484,057, or 7.2% of refunded principal.

The bonds mature in varying amounts from \$80,000 to \$840,000 on December 1 of each year 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, 2018 were \$6,200,000.

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	Scheduled Principal	Scheduled Interest
2019	\$ 715,000	\$ 137,350
2020	735,000	122,850
2021	750,000	108,000
2022	760,000	92,900
2023	780,000	76,525
2024-2026	2,460,000	106,825
Totals	<u>\$ 6,200,000</u>	<u>\$ 644,450</u>

F. General Obligation Bonds, Series 2015

On November 4, 2015, the Fiscal Court issued \$5,165,000 General Obligation Bonds, Series 2015. The proceeds of \$5,203,508 are net of a premium of \$93,048 and \$54,540 in issuance costs. These bonds mature in varying amounts from \$210,000 to \$330,000 on November 1 of each year through 2035. Proceeds of the bonds were principally used for construction of the Campbell County Detention Facility. Interest is payable semi-annually on May 1 and November 1 at rates ranging from 2.0% to 3.5% and principal payments are due annually on November 1 of each year. Bonds outstanding on June 30, 2018 were \$4,745,000.

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

Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2019	\$ 215,000	\$ 119,450
2020	220,000	115,100
2021	225,000	110,650
2022	230,000	106,100
2023	235,000	101,450
2024-2028	1,250,000	430,831
2029-2033	1,410,000	262,856
2034-2036	960,000	49,125
Totals	<u>\$ 4,745,000</u>	<u>\$ 1,295,562</u>

G. General Obligation Refunding Bonds, Series 2016

On January 20, 2016, the Fiscal Court issued \$6,365,000 in General Obligation Refunding Bonds, Series 2016, with an average interest rate of 2.08%, to advance refund \$5,990,000 of the County's General Obligation Bonds, Series 2008 with an average interest rate of 4.13%. The proceeds of \$6,430,079 net of a premium of \$127,300 and \$62,221 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 future debt service payments on the G.O. Bonds, Series 2008. As a result, the portion of the G.O. Bonds, Series 2008 that was refunded is considered to be defeased and the liability for that portion of those bonds has been removed from the financial statements. This refunding decreased debt service payments over the following ten years by approximately \$578,000 resulting in net present value savings of \$515,391 or 8.6% of refunded principal.

These bonds mature in varying amounts from \$65,000 to \$695,000 on January 1 of each year through 2028. Interest is payable semi-annually on January 1 and July 1 at rates ranging from 2.0% to 2.25% and principal payments are due annually on January 1 of each year. Bonds outstanding on June 30, 2018 were \$6,225,000.

Year Ended June 30	Governmental Activities	
	Scheduled Principal	Scheduled Interest
2019	\$ 560,000	\$ 63,963
2020	570,000	116,725
2021	585,000	105,325
2022	600,000	93,625
2023	615,000	81,625
2024-2028	3,295,000	216,637
Totals	<u>\$ 6,225,000</u>	<u>\$ 677,900</u>

Note 6. Long-term Debt (Continued)

H. Changes In Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Compensated Absences	\$ 34,659	\$ 1,687	\$	\$ 36,346	\$
General Obligation					
Public Project Bonds Series 2008	470,000		470,000	-	-
General Obligation					
Public Refunding Bonds Series 2012	615,000		200,000	415,000	75,000
General Obligation					
Public Refunding Bonds Series 2014B	6,905,000		705,000	6,200,000	715,000
General Obligation					
Public Project Bonds Series 2014A	2,195,000		105,000	2,090,000	105,000
General Obligation					
Public Project Bonds Series 2015	4,955,000		210,000	4,745,000	215,000
General Obligation					
Public Refunding Bonds Series 2016	6,290,000		65,000	6,225,000	560,000
Unamortized Premiums	321,917		32,480	289,437	32,480
Unamortized Discounts	(87,339)		(10,200)	(77,139)	(10,200)
Governmental Activities					
Long-term Liabilities	<u>\$ 21,699,237</u>	<u>\$ 1,687</u>	<u>\$ 1,777,280</u>	<u>\$ 19,923,644</u>	<u>\$ 1,692,280</u>
Bonds Payable	<u>\$ 21,664,578</u>	<u>\$ 0</u>	<u>\$ 1,777,280</u>	<u>\$ 19,887,298</u>	<u>\$ 1,692,280</u>

Note 7. Interest on Long-term Debt and Financing Obligations

Debt service on the Statement of Activities includes \$485,504 in interest on bonds.

Note 8. Commitments and Contingencies

The Fiscal Court 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 Fiscal Court's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the Fiscal Court cannot be made at this time.

Note 9. Employee Retirement System

A. Plan Description

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

The financial statements are prepared using the accrual basis of accounting which is the same method used by all retirement plans of the Commonwealth. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the plan.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate is based on appraisals. Investments that do not have an established market are reported at estimated fair value.

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. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit. 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 the 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 the CERS specified age (or age and service combinations).

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.

Note 9. Employee Retirement System (Continued)

B. Benefits Provided (Continued)

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.

C. Contributions

Benefit and contribution rates are established by state statute.

Nonhazardous covered employees are required to contribute 5.00% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6.00% of their salary to the plan. The Fiscal Court's contribution rate for nonhazardous employees was 19.18%, 18.68% and 17.06% for the years ended June 30, 2018, 2017 and 2016, respectively.

Hazardous covered employees are required to contribute 8.00% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9.00% of their salary to be allocated as follows: 8.00% will go to the member's account and 1.00% will go to the Kentucky Retirement System insurance fund. The Fiscal Court's contribution rate for hazardous employees was 31.55%, 31.06% and 32.95% for the years ended June 30, 2018, 2017 and 2016, respectively.

June 30, 2018

(Continued)

Note 9. Employee Retirement System (Continued)

C. Contributions (Continued)

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, are 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 5% (non-hazardous) and 8% (hazardous) of their annual creditable compensation and 1% 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 of Trustees of the Kentucky Retirement Systems 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 4% (nonhazardous) and 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

At June 30, 2018, the Fiscal Court reported a liability of \$27,649,731 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Fiscal Court's proportion of the net pension liability was based on a projection of the Fiscal Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating organizations, actuarially determined.

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

Note 9. Employee Retirement System (Continued)

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

For the year ended June 30, 2018, the Fiscal Court recognized pension expense of \$5,152,840. At June 30, 2018, the Fiscal Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments:		
Hazardous	\$ 540,787	\$ 468,740
Non-Hazardous	1,536,853	1,296,835
Difference between expected and actual experience:		
Hazardous	302,407	
Non-Hazardous	24,069	492,582
Change of assumptions:		
Hazardous	1,644,635	
Non-Hazardous	3,580,749	
Change in proportion and differences between employee contributions and proportionate share of contributions:		
Hazardous	343,409	111,275
Non-Hazardous	587,464	
Fiscal Court's contributions subsequent to the measurement date of June 30, 2017:		
Hazardous	439,181	
Non-Hazardous	1,126,010	
Total	<u>\$ 10,125,564</u>	<u>\$ 2,369,432</u>

The deferred outflows and inflows of resources related to the Fiscal Court's contributions to the CERS plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. The deferred outflows of resources related to the net difference between projected and actual earnings on pension plan investments are amortized and recognized in pension expense over five years. All other amounts reported as deferred outflows of resources related to pensions are amortized and recognized in pension expense over the average expected remaining service life of the entire plan membership, which is 4 years for non-hazardous employees and 5 years for hazardous employees. The net increase in pension expense related to the amortization of these deferred outflows of resources is as follows:

Year ending June 30:	
2019	\$ 2,828,544
2020	2,630,947
2021	1,070,581
2022	(339,131)
	<u>\$ 6,190,941</u>

E. Actuarial Assumptions

For financial reporting the actuarial valuation as of June 30, 2017, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2017, were based on an actuarial date of June 30, 2016. The total pension liability was rolled-forward from the valuation date (June 30, 2016) to the plan's fiscal year ending June 30, 2017, using generally accepted actuarial principles. GRS did not perform the actuarial valuation as of June 30, 2016, but did replicate the prior actuary's valuations results on the same assumption, methods, and data, as of that date. The roll-forward is based on the results of GRS' replication. Subsequent to the actuarial valuation date (June 30, 2016), but prior to the measurement date, and before the required 2019 experience study, the Kentucky Retirement Systems Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review the Board of Trustees adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2017:

Inflation	2.30 percent (3.25 percent in previous measurement date)
Salary increases	4.0 percent, average, including inflation
Investment rate of return	6.25 percent (7.50 percent in previous measurement date), net of pension plan investment expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

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. 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
Combined Equity	44%	5.40%
Combined Fixed Income	19%	1.50%
Real Return (Diversified Inflation Strategies)	10%	3.50%
Real Estate	5%	4.50%
Absolute Return (Diversified Hedge Funds)	10%	4.25%
Private Equity	10%	8.50%
Cash Equivalent	2%	(.025)%
Total	100%	

F. Discount Rate

The discount rate used to measure the total pension liability was 6.25 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 Fiscal Court's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the Fiscal Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.25 percent) or 1 percentage point higher (7.25 percent) than the current rate.

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
The Fiscal Court's share of the net pension liability	\$ 34,840,155	\$ 27,649,731	\$ 21,657,566

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2018, the Fiscal Court reported a liability of \$9,711,143 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Fiscal Court's proportion of the net OPEB liability was based on the Fiscal Court's actual contributions to the OPEB plan relative to the actual contributions of all participating organizations.

The complete actuarial valuation report including all actuarial assumptions and methods is publicly available on the website at www.kyret.ky.gov or can be obtained as described in the paragraph above.

For the year ended June 30, 2018, the Fiscal Court recognized OPEB expense of \$1,223,257. At June 30, 2018, the Fiscal Court reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 9. Employee Retirement System (Continued)

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB investments:		
Hazardous		\$ 191,138
Non-Hazardous		314,971
Difference between expected and actual experience:		
Hazardous		7,099
Non-Hazardous		18,511
Change of assumptions:		
Hazardous	1,123,695	
Non-Hazardous	1,450,202	
Change in proportion and differences between employee contributions and proportionate share of contributions:		
Hazardous		606
Non-Hazardous		15,464
Fiscal Court's contributions subsequent to the measurement date of June 30, 2017:		
Hazardous	(10,454)	
Non-Hazardous	81,455	
Total	<u>\$ 2,644,898</u>	<u>\$ 547,789</u>

The deferred outflows and inflows of resources related to the Fiscal Court's contributions to the OPEB plan subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2019. The deferred inflows of resources related to the net difference between projected and actual earnings on OPEB plan investments are amortized and recognized in OPEB expense over five years. All other amounts reported as deferred outflows of resources related to OPEB are amortized and recognized in OPEB expense over the average expected remaining service lives of all employees that are provided OPEB through the OPEB plan, which is determined to be approximately 6.28 years for non-hazardous employees and 4.54 years for hazardous employees. The net increase (decrease) in OPEB expense related to the amortization of these deferred outflows of resources is as follows:

Year ending June 30:	
2019	\$ 456,949
2020	456,949
2021	456,949
2022	311,934
2023	268,225
Thereafter	75,102
	<u>\$ 2,026,108</u>

Note 9. Employee Retirement System (Continued)

I. Actuarial Assumptions

For financial reporting the actuarial valuation as of Jun 30, 2018, was performed by GRS. The total OPEB liability, net OPEB liability and sensitivity information as of June 30, 2018 were based on an actuarial valuation date of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018 using generally accepted accounting principles.

There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions.

The actuarial assumptions for CERS are:

Inflation	2.30 percent
Payroll growth rate	2.0 percent for CERS non-hazardous and hazardous
Salary increases	3.05 percent, average, including inflation
Investment rate of return	6.25 percent, net of OPEB plan investment expense, including inflation
Healthcare trend rates:	
Pre – 65	Initial trend starting at 7.25% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65	Initial trend starting at 5.10% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

J. Discount Rates

The projection of cash flows used to determine the discount rate of 5.84% for non-hazardous and 5.96% for hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the Kentucky Retirement System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the Kentucky Retirement System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the pension section above.

Note 9. Employee Retirement System (Continued)

K. Sensitivity of the Fiscal Court's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Fiscal Court's proportionate share of the net OPEB liability, as well as what the Fiscal Court's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
The Fiscal Court's share of net OPEB liability	\$ 12,563,111	\$ 9,711,143	\$ 7,352,358

L. Sensitivity of the Fiscal Court's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Fiscal Court's proportionate share of the net OPEB liability, as well as what the Fiscal Court's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
The Fiscal Court's share of net OPEB liability	\$ 7,268,700	\$ 9,711,143	\$ 12,830,745

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, 2018, the Fiscal Court 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 (the 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, 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, 2018, contributions from HUD made up 99.9% of the total revenues received.

Note 14. Interfund Transactions

Transfers are indicative of 1.) Funding for capital projects, 2.) moving unrestricted revenues collected in the General Fund to subsidize various programs accounted for in other funds in accordance with budgetary authorization, and 3) reallocation of special revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The following is a list of interfund transactions as of June 30, 2018:

	Total Transfers Out	Total Transfers In
General Fund	\$ 4,171,800	\$ 84,881
Road Fund		2,250,000
Jail Fund		3,989,876
(TANK) Payroll Tax Fund	2,150,000	
General Obligation Fund	97,957	
AJ Jolly Golf Course Fund		95,000
Non-Major	7,500	7,500
Total Transfers	<u>\$ 6,427,257</u>	<u>\$ 6,427,257</u>

Note 15. Disaggregation of Accounts Payable

The following is a list of accounts payable by function as of June 30, 2018:

	<u>Totals</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Non-Major Funds</u>
General Government	\$ 41,094	\$ 41,094		\$	\$
Roads	25,717		25,717		
Protection To Persons and Property	143,540	15,720		127,820	
General Health and Sanitation	18,585	8,394			10,191
Social Services	2,014	600		109	1,305
Recreation and Culture	5,551	5,551			
Capital Projects	27,243	27,243			
Administration	13,066	10,860		2,206	-
Total	<u>\$ 276,810</u>	<u>\$ 109,462</u>	<u>\$ 25,717</u>	<u>\$ 130,135</u>	<u>\$ 11,496</u>

Note 16. Tax Abatements

Pursuant to GASB Statement No. 77, Tax Abatement Disclosures, the Campbell County Fiscal Court is required to disclose certain information about tax abatements as defined in the statement. GASB No. 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the County or its citizens. As of June 30, 2018, the Campbell County Fiscal Court provides tax abatements through several programs –Tax Increment Financing (“TIF”), Kentucky Business Investment Program (“KBI”), Jobs Development Program (“JDP”), and Property Assessment/Reassessment Moratorium (“PARM”).

- TIF enables the Campbell County Fiscal Court to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. TIF also allows for the abatement of up to 100% of incremental property taxes and occupational license taxes or fees for periods of up to 20 or 30 years depending on the type of development area. A TIF may be granted but may not be activated until sometime later in its grant period. Some agreements require the Campbell County Fiscal Court to: make infrastructure change and/or make best effort to facilitate the project’s progress. There are currently 5 TIFs active and 1 TIF approved but not activated. Payments made by appropriation rather than a tax liability reduction. Authority for the program is contained in KRS 65.7041 et seq. and KRS 154.30.
- KBI provides a wage incentive of up to 1% of the gross wages of each employee for qualified businesses in Campbell County. An eligible company must be engaged in one of the following activities: manufacturing, agribusiness, regional or national headquarters operations, or certain nonretail service or technology activities. The minimum requirements for an eligible project are: create a minimum of 10 new, full-time jobs for Kentucky residents, incur at least \$100,000 in eligible costs, and meet a minimum level of wages and benefits. The tax incentives involved with the program are available for up to 10 years. The authority for this program is established in KRS 154.32.

Note 16. Tax Abatements (Continued)

- JDP provides up to a 40% reduction in employee withholding fees payable to the county by the approved company for a term not to exceed ten years. This program facilitates the creation of new jobs, new sources of revenue for the support of public services, and improvement in the quality of life for county citizens through the creation of sustainable jobs with higher salaries. Inducements for eligible companies encourage the location or expansion of manufacturing facilities, agribusiness operations, and nonretail professional, scientific, or technical service facilities. The minimum requirements for an eligible project are: create a minimum new fiscal year payroll of \$250,000 that is subject to the county employee withholding fee within the first year after approval of an application by the county for the inducement. The authority for this program is established in Ordinance O-08-11 passed on June 1, 2011.
- Property Assessment/Reassessment Moratorium program allows the waiver of the local incremental tax value of real property tax for added improvements from the assessment of a structure for five years.

The Campbell County Fiscal Court has reported abatements amounts for all known program participants during the year. A summary of the taxes forgone on the County's abatement programs for the year ended June 30, 2018 are as follows:

Abatement Name	Tax Abated	Abatement Amount
Tax Increment Financing	Property Taxes & Occupational Taxes	\$ 45,581
Kentucky Business Investment Program & Jobs Development Program	Payroll Taxes on New Jobs	\$ 54,125

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2018

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2018

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 13,785,861	\$ 13,785,861	\$ 14,574,451	\$ 788,590
Excess Fees	870,000	870,000	882,461	12,461
Licenses and Permits	288,100	288,100	328,717	40,617
Intergovernmental	584,538	584,538	574,006	(10,532)
Charges for Services	200,400	200,400	265,659	65,259
Miscellaneous	1,300,100	1,300,100	1,467,423	167,323
Interest	2,000	2,000	3,767	1,767
Total Revenues	<u>17,030,999</u>	<u>17,030,999</u>	<u>18,096,484</u>	<u>1,065,485</u>
EXPENDITURES				
General Government	4,163,632	4,214,839	3,919,240	295,599
Protection to Persons and Property	3,320,130	3,440,591	3,141,163	299,428
General Health and Sanitation	541,447	561,797	521,008	40,789
Social Services	85,151	86,151	62,856	23,295
Recreation and Culture	482,732	511,688	479,952	31,736
Debt Service	914,300	914,300	913,760	540
Other Fiscal Charges				
Capital Projects	680,000	699,100	247,277	451,823
Administration	4,237,311	3,956,237	3,353,180	603,057
Total Expenditures	<u>14,424,703</u>	<u>14,384,703</u>	<u>12,638,436</u>	<u>1,746,267</u>
Excess of Revenues Over Expenditures Before Other Financing Sources (Uses)	2,606,296	2,646,296	5,458,048	2,811,752
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	1,200,000	1,200,000	84,881	(1,115,119)
Transfers To Other Funds	(6,380,160)	(6,380,160)	(4,171,800)	2,208,360
Total Other Financing Sources (Uses)	<u>(5,180,160)</u>	<u>(5,180,160)</u>	<u>(4,086,919)</u>	<u>1,093,241</u>
Net Change in Fund Balance	(2,573,864)	(2,533,864)	1,371,129	3,904,993
Fund Balance - Beginning	<u>2,573,864</u>	<u>2,573,864</u>	<u>8,310,777</u>	<u>5,736,913</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 40,000</u>	<u>\$ 9,681,906</u>	<u>\$ 9,641,906</u>

See notes to the required supplementary information.

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2018
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$	\$	\$ 517	\$ 517
Intergovernmental	1,361,316	1,361,316	1,116,937	(244,379)
Miscellaneous	34,259	34,259	39,596	5,337
Interest	20	20	95	75
Total Revenues	<u>1,395,595</u>	<u>1,395,595</u>	<u>1,157,145</u>	<u>(238,450)</u>
EXPENDITURES				
Roads	2,131,884	2,105,831	1,724,400	381,431
Debt Service	80,000	80,000	79,920	80
Capital Projects	1,825,000	1,831,500	1,182,640	648,860
Administration	<u>592,300</u>	<u>598,853</u>	<u>546,546</u>	<u>52,307</u>
Total Expenditures	<u>4,629,184</u>	<u>4,616,184</u>	<u>3,533,506</u>	<u>1,082,678</u>
Deficiency of Revenues Over Expenditures Before Other Financing Sources	(3,233,589)	(3,220,589)	(2,376,361)	844,228
OTHER FINANCING SOURCES				
Transfers From Other Funds	<u>3,233,589</u>	<u>3,233,589</u>	<u>2,250,000</u>	<u>(983,589)</u>
Net Change in Fund Balance		13,000	(126,361)	(139,361)
Fund Balance - Beginning			<u>343,815</u>	<u>343,815</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 13,000</u>	<u>\$ 217,454</u>	<u>\$ 204,454</u>

See notes to the required supplementary information.

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2018
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,009,295	\$ 5,009,295	\$ 5,449,416	\$ 440,121
Charges for Services	374,400	374,400	295,699	(78,701)
Miscellaneous	440,850	440,850	467,345	26,495
Interest	25	25	50	25
Total Revenues	<u>5,824,570</u>	<u>5,824,570</u>	<u>6,212,510</u>	<u>387,940</u>
EXPENDITURES				
Protection to Persons and Property	7,977,126	8,045,860	7,090,367	955,493
Debt Service	1,247,000	1,247,000	1,246,824	176
Social Services	112,016	113,277	52,245	61,032
Administration	2,703,800	2,633,805	1,926,743	707,062
Total Expenditures	<u>12,039,942</u>	<u>12,039,942</u>	<u>10,316,179</u>	<u>1,723,763</u>
Deficiency of Revenues Over Expenditures Before Other Financing Sources	(6,215,372)	(6,215,372)	(4,103,669)	2,111,703
OTHER FINANCING SOURCES				
Transfers From Other Funds	<u>6,215,372</u>	<u>6,215,372</u>	<u>3,989,876</u>	<u>(2,225,496)</u>
Net Change in Fund Balance			(113,793)	(113,793)
Fund Balance - Beginning			<u>177,588</u>	<u>177,588</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 63,795</u>	<u>\$ 63,795</u>

See notes to the required supplementary information.

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2018
(Continued)

(TANK) PAYROLL TAX FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,844,000	\$ 8,844,000	\$ 9,127,007	\$ 283,007
Intergovernmental	239,000	239,000	250,921	11,921
Interest	15,000	15,000	18,682	3,682
Total Revenues	9,098,000	9,098,000	9,396,610	298,610
EXPENDITURES				
General Government	145,000	145,000	125,423	19,577
Bus Service	4,478,932	4,533,082	4,533,077	5
Administration	85,000	30,850	8,502	22,348
Total Expenditures	4,708,932	4,708,932	4,667,002	41,930
Excess of Revenues Over Expenditures Before Other Financing Uses	4,389,068	4,389,068	4,729,608	340,540
OTHER FINANCING USES				
Transfers To Other Funds	(4,433,589)	(4,433,589)	(2,150,000)	2,283,589
Net Change in Fund Balances	(44,521)	(44,521)	2,579,608	2,624,129
Fund Balance - Beginning	44,521	44,521	5,202,240	5,157,719
Fund Balance - Ending	\$ 0	\$ 0	\$ 7,781,848	\$ 7,781,848

See notes to the required supplementary information.

CAMPBELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2018
(Continued)

HOUSING CHOICE VOUCHER PROGRAM				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,041,479	\$ 4,041,479	\$ 4,007,374	\$ (34,105)
Charges for Services	429,052	429,052	418,268	(10,784)
Miscellaneous			2,449	2,449
Interest	276	276	205	(71)
Total Revenues	<u>4,470,807</u>	<u>4,470,807</u>	<u>4,428,296</u>	<u>(42,511)</u>
EXPENDITURES				
Social Services	4,041,479	4,041,479	4,161,658	(120,179)
General Government	460,006	460,006	373,547	86,459
Total Expenditures	<u>4,501,485</u>	<u>4,501,485</u>	<u>4,535,205</u>	<u>(33,720)</u>
Net Change in Fund Balances	(30,678)	(30,678)	(106,909)	(76,231)
Fund Balance - Beginning	<u>30,678</u>	<u>30,678</u>	<u>230,693</u>	<u>200,015</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 123,784</u>	<u>\$ 123,784</u>

See notes to the required supplementary information.

CAMPBELL COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

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.

CAMPBELL COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018
(Continued)

Note 2. Budgetary Basis vs. GAAP

Accounting principles applied for purposes of developing data on budgetary basis differ significantly from those used to present financial statements in conformity with GAAP. A schedule reconciling the fund balance on a cash basis at June 30, 2018, to the fund balance on an accrual basis follows:

	General Fund	Road Fund	Jail Fund	Capital Projects Fund	(TANK) Payroll Tax Fund
<u>Sources/Inflows of Resources</u>					
Total Revenues - Budgetary Basis	\$ 18,096,484	\$ 1,157,145	\$ 6,212,510	\$ 24	\$ 9,396,610
Differences - (Budget to GAAP)					
The Fiscal Court budgets for revenues only to the extent they are expected to be received rather than on the modified accrual basis.	121,783	219,939	126,346		78,889
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 18,218,267</u>	<u>\$ 1,377,084</u>	<u>\$ 6,338,856</u>	<u>\$ 24</u>	<u>\$ 9,475,499</u>
<u>Uses/Outflows of Resources</u>					
Total Expenses - Budgetary Basis	\$ 12,638,436	\$ 3,533,506	\$ 10,316,179	\$ 244,684	\$ 4,667,002
Differences - (Budget to GAAP)					
The Fiscal Court budgets for claims only to the extent they are expected to be paid rather than on the modified accrual basis.	18,236	11,366	64,814	-	
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,656,672</u>	<u>\$ 3,544,872</u>	<u>\$ 10,380,993</u>	<u>\$ 244,684</u>	<u>\$ 4,667,002</u>
<u>Ending Fund Balances</u>					
Fund Balance - Budgetary Basis	\$ 9,681,906	\$ 217,454	\$ 63,795	\$	\$ 7,781,848
Differences - (Budget to GAAP)					
The Fiscal Court budgets for transactions only to the extent they are expected to be received or paid rather than on the modified accrual basis.	954,998	280,422	744,764		2,656,010
Total Ending Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,636,904</u>	<u>\$ 497,876</u>	<u>\$ 808,559</u>	<u>\$</u>	<u>\$ 10,437,858</u>

CAMPBELL COUNTY
ADDITIONAL INFORMATION REGARDING THE PENSION PLAN
Required Supplementary Information

June 30, 2018

CAMPBELL COUNTY
SCHEDULE OF THE FISCAL COURT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
Required Supplementary Information
For The Years Ended June 30 for the Last Ten Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Fiscal Court's proportionate percentage of the net pension liability	0.70%	0.68%	0.62%	0.64%
The Fiscal Court's proportionate share of the net pension liability	\$ 27,649,731	\$ 22,045,195	\$ 17,908,532	\$ 13,773,000
The Fiscal Court's covered-employee payroll	\$ 7,284,250	\$ 6,979,571	\$ 6,119,066	\$ 6,251,073
The Fiscal Court's proportionate share of the net pension liability as a percentage of its covered-employee payroll	380%	316%	293%	220%
Plan fiduciary net position as a percentage of the total pension liability	52.40%	53.95%	59.35%	65.96%

**The amounts presented for each fiscal year were determined as of the measurement date of the net pension liability, which is as of the Fiscal Court's prior fiscal year end.

Schedule is intended to show information for ten years. Available years will be displayed as they become available.

Changes in Assumptions and Benefit Terms from 2016 to 2017:

Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described below:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

CAMPBELL COUNTY
SCHEDULE OF FISCAL COURT PENSION CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
Required Supplementary Information
For The Years Ended June 30 for the Last Ten Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,649,718	\$ 1,602,496	\$ 1,372,824	\$ 1,187,200
Contributions in relation to the contractually required contribution	\$ 1,649,718	\$ 1,602,496	\$ 1,372,824	\$ 1,187,200
The Fiscal Court's covered-employee payroll	\$ 8,030,409	\$ 7,284,250	\$ 6,979,571	\$ 6,119,066
Contributions as a percentage of covered-employee payroll	20.54%	22.00%	19.67%	19.40%

Schedule is intended to show information for ten years. Available years will be displayed as they become available.

CAMPBELL COUNTY
ADDITIONAL INFORMATION REGARDING THE OPEB LIABILITY
Required Supplementary Information
June 30, 2018

CAMPBELL COUNTY
SCHEDULE OF THE FISCAL COURT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
Required Supplementary Information
For The Years Ended June 30 for the Last Ten Years**

	<u>2018</u>
The Fiscal Court's proportionate percentage of the net OPEB liability	0.70%
The Fiscal Court's proportionate share of the net OPEB liability	\$ 9,711,143
The Fiscal Court's covered-employee payroll	\$ 8,030,409
The Fiscal Court's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	121%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%

**The amounts presented for each fiscal year were determined as of the measurement date of the net OPEB liability, which is as of the Fiscal Court's prior fiscal year end.

Schedule is intended to show information for ten years. Available years will be displayed as they become available.

CAMPBELL COUNTY
SCHEDULE OF FISCAL COURT OPEB CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
Required Supplementary Information
For The Years Ended June 30 for the Last Ten Years

	<u>2018</u>
Contractually required contribution	\$ 582,503
Contributions in relation to the contractually required contribution	\$ 582,503
The Fiscal Court's covered-employee payroll	\$ 8,030,409
Contributions as a percentage of covered-employee payroll	7.25%

Schedule is intended to show information for ten years. Available years will be displayed as they become available.

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

June 30, 2018

CAMPBELL COUNTY
COMBINING BALANCE SHEET –
NON-MAJOR GOVERNMENTAL FUNDS
Other Supplementary Information
June 30, 2018

	Mental Health Tax Fund	Developer Road Escrow	Senior Citizens Tax Fund	LGEA Fund	Health Service Fund	Total Non-Major Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 670,225	\$ 186,376	\$ 300,580	\$	\$	\$ 1,157,181
Accounts Receivable-Taxes	259,352		129,676			389,028
Accounts Receivable-Intergovernmental			5,667		\$ 10,191	15,858
Total Assets	<u>929,577</u>	<u>186,376</u>	<u>435,923</u>		<u>10,191</u>	<u>1,562,067</u>
LIABILITIES						
Accounts Payable	-		1,305		10,191	11,496
Accrued Salaries and Payroll Taxes			2,687			2,687
Total Liabilities			<u>3,992</u>		<u>10,191</u>	<u>14,183</u>
FUND BALANCES						
Restricted For:						
Roads		186,376		-		186,376
Committed To:						
Social Services			431,931			431,931
General Health and Sanitation	929,577				-	929,577
Total Fund Balances	<u>\$ 929,577</u>	<u>\$ 186,376</u>	<u>\$ 431,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,547,884</u>

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

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

For the Year Ended June 30, 2018

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, 2018

	Mental Health Tax Fund	Developer Road Escrow	Senior Citizens Tax Fund	LGEA Fund	Health Service Fund	Total Non-Major Governmental Funds
REVENUES						
Taxes	\$ 1,015,012	\$	\$ 507,507	\$	\$	\$ 1,522,519
Charges for Services			4,079			4,079
Miscellaneous		6,580	11,285			17,865
Intergovernmental			67,000	16,406	159,347	242,753
Interest	1,859	25	913	1		2,798
Total Revenues	<u>1,016,871</u>	<u>6,605</u>	<u>590,784</u>	<u>16,407</u>	<u>159,347</u>	<u>1,790,014</u>
EXPENDITURES						
General Government	13,936		6,968			20,904
General Health and Sanitation	937,891				150,702	1,088,593
Social Services			401,243			401,243
Roads				37,593		37,593
Capital Projects			18,627			18,627
Administration			41,246			41,246
Total Expenditures	<u>951,827</u>	<u></u>	<u>468,084</u>	<u>37,593</u>	<u>150,702</u>	<u>1,608,206</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Uses	65,044	6,605	122,700	(21,186)	8,645	181,808
OTHER FINANCING USES						
Transfers From Other Funds			7,500			7,500
Transfers To Other Funds	-		(7,500)			(7,500)
Total Other Financing Uses	<u>-</u>	<u></u>	<u>-</u>	<u></u>	<u></u>	<u>-</u>
Net Change in Fund Balances	65,044	6,605	122,700	(21,186)	8,645	181,808
Fund Balances - Beginning	864,533	179,771	309,231	21,186	(8,645)	1,366,076
Fund Balances - Ending	<u>\$ 929,577</u>	<u>\$ 186,376</u>	<u>\$ 431,931</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,547,884</u>

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

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

June 30, 2018

CAMPBELL COUNTY
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUND
Other Supplementary Information
June 30, 2018

	Jail Inmate Account	Employee Fund Account	Total Agency Funds
Assets			
Cash and Cash Equivalents	\$ 427,313	\$ 18,121	\$ 445,434
Total Assets	<u>427,313</u>	<u>18,121</u>	<u>445,434</u>
Liabilities			
Amounts Held In Custody For Others	427,313	18,121	445,434
Total Liabilities	<u>427,313</u>	<u>18,121</u>	<u>445,434</u>
Net Position			
Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

CAMPBELL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

CAMPBELL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Grantor CFDA #	Program Title	Pass-Through Grantor's Number	Expenditures
<u>Department of Housing and Urban Development</u>			
<i>Direct Award:</i>			
14.871	Section 8 Housing Choice Voucher Program	KY136	** \$ 4,535,205
Total U.S. Department of Housing and Urban Development			4,535,205
<u>U.S. Department of Health and Human Services</u>			
<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
<u>U.S. Department of Homeland Security</u>			
<i>Passed-Through Kentucky Office of Homeland Security:</i>			
97.039	FEMA Hazard Mitigation Grant Program	DR-4217-0014-F	21,243
<i>Passed-Through Kentucky Department of Emergency Management:</i>			
97.042	Emergency Management Performance Grants	Not Available	85,428
Total U.S. Department of Homeland Security			106,671
<u>U.S. Department of Transportation</u>			
<i>Passed-Through Kentucky Transportation Cabinet:</i>			
20.600	State and Community Highway Safety	Not Available	16,978
Total U.S. Department of Transportation			16,978
Total Expenditures of Federal Awards			\$ 4,725,854

**Tested as Major Program or Cluster

CAMPBELL COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

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 \$750,000 for fiscal year 2018 or were deemed high risk. There was one Type A program. The major program tested was:

- CFDA #14.871 Section 8 Housing Choice Voucher Program

Note 3 - Significant Accounting Policies

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

Note 4 - There were no noncash expenditures of federal awards for fiscal year 2018.

**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 of Independent Auditors 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*

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 Fiscal Court), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fiscal Court's basic financial statements, and have issued our report thereon dated November 4, 2019. Our report includes a reference to other auditors who audited the financial statements of the Campbell County Fiscal Court's Housing Department Housing Choice Voucher Program, as described in our report on the Fiscal Court'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 Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fiscal Court's internal control.

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

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

The Honorable Steve Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court
Campbell County Fiscal Court
Report of Independent Auditors
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fiscal Court'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 no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dean Dotson Allen Ford, PLLC". The signature is written in a cursive, flowing style.

Louisville, Kentucky
November 4, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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 Campbell County Fiscal Court's (the Fiscal Court) 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 Fiscal Court's major federal programs for the year ended June 30, 2018. The Fiscal Court's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

The Fiscal Court's basic financial statements include the operations of the Campbell County Fiscal Court's Housing Department Housing Choice Voucher Program (the Program), which received \$4,535,205 in federal awards during the year ended June 30, 2018. We did not audit the Program. The Fiscal Court engaged other auditors to perform an audit of the operations of the Program in accordance with the Uniform Guidance, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

The Honorable Steven Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court
Report of Independent Auditors
(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 Fiscal Court's compliance.

Opinion on Each Major Federal Program

In our opinion, based on our audit and the report of the other auditors, the Fiscal Court 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, 2018.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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.

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

Dean Dotson Allen Ford, PLLC

Louisville, Kentucky
November 4, 2019

CAMPBELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2018

CAMPBELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2018

Section I – Summary of Auditors’ Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditors’ report issued on compliance for major federal programs: **Unmodified**

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of Major Programs:

CFDA Numbers

* 14.871

Name of Federal Program or Cluster

Housing Choice Voucher Program

Dollar threshold used to distinguish between \$750,000

Type A and Type B programs:

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

* - Audited by other auditors.

CAMPBELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2018
(Continued)

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None.

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

CAMPBELL COUNTY FISCAL COURT

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

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

For The Fiscal Year Ended June 30, 2018

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

A handwritten signature in cursive script, appearing to read "Steve Anderson", written over a horizontal line.

County Judge/Executive

A handwritten signature in cursive script, appearing to read "Marie M. Scherke", written over a horizontal line.

County Treasurer