

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

**For The Fiscal Year Ended
June 30, 2013**



**ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

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

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE NELSON COUNTY FISCAL COURT

June 30, 2013

The Auditor of Public Accounts has completed the audit of the Nelson County Fiscal Court for fiscal year ended June 30, 2013.

We have issued an unqualified opinion, based on our audit, on the Statement of Receipts, Disbursements, and Changes in Cash Balances and Cash Equivalents - Regulatory Basis of Nelson County, Kentucky.

Financial Condition:

The Nelson County Fiscal Court had total receipts of \$18,752,054 and disbursements of \$18,331,390 in fiscal year 2013. This resulted in ending cash balances and cash equivalents of \$7,126,140 which was an increase of \$420,664 from the prior year.

Deposits:

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

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT..... 1

NELSON COUNTY OFFICIALS4

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS6

NOTES TO FINANCIAL STATEMENT..... 10

BUDGETARY COMPARISON SCHEDULES25

NOTES TO SUPPLEMENTARY INFORMATION33

SCHEDULE OF CAPITAL ASSETS37

NOTES TO OTHER INFORMATION38

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS41

APPENDIX A:

CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Lori H. Flanery, Secretary
Finance and Administration Cabinet
Honorable Dean Watts, Nelson County Judge/Executive
Members of the Nelson County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances and Cash Equivalents - Regulatory Basis of Nelson County, Kentucky, for the year ended June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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



To the People of Kentucky
Honorable Steven L. Beshear, Governor
Lori H. Flanery, Secretary
Finance and Administration Cabinet
Honorable Dean Watts, Nelson County Judge/Executive
Members of the Nelson County Fiscal Court

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Nelson County, Kentucky as of June 30, 2013, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances and cash equivalents of Nelson County, Kentucky as of June 30, 2013, and its cash receipts and disbursements, for the year then ended, in accordance with the accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Emphasis of Matter

As discussed in Note 12 to the financial statement, in fiscal year 2013, the Nelson County Fiscal Court adopted new accounting guidance on a regulatory basis. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Nelson County, Kentucky. The budgetary comparison schedules and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statement. The capital asset schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Lori H. Flanery, Secretary
Finance and Administration Cabinet
Honorable Dean Watts, Nelson County Judge/Executive
Members of the Nelson County Fiscal Court

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 28, 2014, on our consideration of Nelson County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

July 28, 2014

NELSON COUNTY OFFICIALS

For The Year Ended June 30, 2013

Fiscal Court Members:

Dean Watts	County Judge/Executive
Keith Metcalfe	Magistrate
Sam Hutchins	Magistrate
Bernard Ice	Magistrate
Jeff Lear	Magistrate
Jerry Hahn	Magistrate

Other Elected Officials:

Matthew Hite	County Attorney
Dorcas Figg	Jailer
Elaine Filiatreau	County Clerk
Diane Thompson	Circuit Court Clerk
Stephen Campbell	Sheriff
Barbara Tichenor	Property Valuation Administrator
Field Houghlin	Coroner

Appointed Personnel:

Rhonda Fenwick	County Treasurer
Jim Lemieux	County Engineer
Brad Spalding	Landfill Manager
Joe Prewitt	Director of Ambulance Services
Logan Spaulding	Building Inspection Supervisor
Joe Osborne/Joe Prewitt	Emergency Management Administrator
Teresa Smith	Occupational Tax Administrator
Greta Cecil	Administrative Secretary

NELSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS

For The Year Ended June 30, 2013

NELSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS

For The Year Ended June 30, 2013

	Budgeted Funds		
	General Fund	County Road Aid Fund	Jail Fund
RECEIPTS			
Taxes	\$ 4,954,141	\$	\$
Excess Fees	705,561		
Licenses and Permits	292,924		
Intergovernmental	413,007	2,485,535	424,117
Charges for Services	8,823		114,693
Miscellaneous	440,894	239,603	35,530
Interest	454	210	
Total Receipts	<u>6,815,804</u>	<u>2,725,348</u>	<u>574,340</u>
DISBURSEMENTS			
General Government	1,221,944		
Protection to Persons and Property	1,627,973		1,167,926
General Health and Sanitation	788,729		
Social Services	287,477		
Recreation and Culture	437,635		
Roads	48,197	2,870,381	
Bus Services	232,338		
Other Transportation Facilities and Services			
Debt Service	138,035		
Administration	1,594,008	288,502	287,843
Total Disbursements	<u>6,376,336</u>	<u>3,158,883</u>	<u>1,455,769</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>439,468</u>	<u>(433,535)</u>	<u>(881,429)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	280,600	600,000	881,429
Transfers To Other Funds	(908,429)		
Total Other Adjustments to Cash (Uses)	<u>(627,829)</u>	<u>600,000</u>	<u>881,429</u>
Net Change in Cash Balances and Cash Equivalents	(188,361)	166,465	
Cash Balances and Cash Equivalents - Beginning (Restated)	1,002,800	339,080	
Cash Balances and Cash Equivalents - Ending	<u>\$ 814,439</u>	<u>\$ 505,545</u>	<u>\$ 0</u>

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

NELSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS
For The Year Ended June 30, 2013
(Continued)

Budgeted Funds				
Local Government Economic Assistance Fund	Emergency Medical Services Fund	Solid Waste Fund	Landfill Fund	Occupational License Fee Fund
\$	\$	\$	\$	\$ 1,163,850
165,249	10,714	63,860	3,000	
	1,820,993	1,887,375	2,125,547	
	1,450	8,500	40,917	
23	21	274	50,931	563
<u>165,272</u>	<u>1,833,178</u>	<u>1,960,009</u>	<u>2,220,395</u>	<u>1,164,413</u>
				138,441
	1,702,814			
		1,651,665	1,184,627	
				5,000
				9,500
125,837				
				4,800
	498,408	235,884	291,534	8,682
<u>125,837</u>	<u>2,201,222</u>	<u>1,887,549</u>	<u>1,476,161</u>	<u>166,423</u>
<u>39,435</u>	<u>(368,044)</u>	<u>72,460</u>	<u>744,234</u>	<u>997,990</u>
	335,000		91,000	
(100,000)		(100,000)	(230,600)	(1,035,000)
(100,000)	335,000	(100,000)	(139,600)	(1,035,000)
(60,565)	(33,044)	(27,540)	604,634	(37,010)
242,987	210,208	101,828	4,437,716	337,709
<u>\$ 182,422</u>	<u>\$ 177,164</u>	<u>\$ 74,288</u>	<u>\$ 5,042,350</u>	<u>\$ 300,699</u>

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

NELSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS
For The Year Ended June 30, 2013
(Continued)

	<u>Unbudgeted Funds</u>		<u>Total Funds</u>
	<u>Public Improvements Corporation Fund</u>	<u>Jail Commissary Fund</u>	
RECEIPTS			
Taxes	\$	\$	\$ 6,117,991
Excess Fees			705,561
Licenses and Permits			292,924
Intergovernmental	126,000		3,691,482
Charges for Services			5,957,431
Miscellaneous	956,317	210,939	1,934,150
Interest		39	52,515
Total Receipts	<u>1,082,317</u>	<u>210,978</u>	<u>18,752,054</u>
DISBURSEMENTS			
General Government	150,948		1,511,333
Protection to Persons and Property			4,498,713
General Health and Sanitation			3,625,021
Social Services			292,477
Recreation and Culture		214,498	661,633
Roads			3,044,415
Bus Services			232,338
Other Transportation Facilities and Services			4,800
Debt Service	1,117,764		1,255,799
Administration			3,204,861
Total Disbursements	<u>1,268,712</u>	<u>214,498</u>	<u>18,331,390</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(186,395)</u>	<u>(3,520)</u>	<u>420,664</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	250,000		2,438,029
Transfers To Other Funds	(64,000)		(2,438,029)
Total Other Adjustments to Cash (Uses)	<u>186,000</u>		
Net Change in Cash Balances and Cash Equivalents	(395)	(3,520)	420,664
Cash Balances and Cash Equivalents - Beginning (Restated)	1,255	31,893	6,705,476
Cash Balances and Cash Equivalents - Ending	<u>\$ 860</u>	<u>\$ 28,373</u>	<u>\$ 7,126,140</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	10
NOTE 2.	DEPOSITS	13
NOTE 3.	TRANSFERS	13
NOTE 4.	TRUST FUNDS.....	14
NOTE 5.	LAND HELD FOR RESALE.....	14
NOTE 6.	LONG-TERM DEBT.....	14
NOTE 7.	NOTES RECEIVABLE.....	18
NOTE 8.	EMPLOYEE RETIREMENT SYSTEM	18
NOTE 9.	INSURANCE	20
NOTE 10.	COMMITMENTS AND CONTINGENCIES	20
NOTE 11.	PAYROLL REVOLVING ACCOUNT	20
NOTE 12.	CHANGE IN BASIS OF ACCOUNTING AND PRIOR PERIOD ADJUSTMENTS	21
NOTE 13.	HEALTH REIMBURSEMENT ACCOUNT	21

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2013

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Nelson County includes all budgeted and unbudgeted funds under the control of the Nelson County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds include non-fiduciary financial activities that are within the county's control. Unbudgeted funds may also include any corporation created under the provisions of KRS 58.180 to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

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

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for receipts distributed to counties under KRS 42.455 and disbursements for certain county road maintenance projects. The primary sources of receipts for this fund are grants from the state and federal governments.

Emergency Medical Services Fund - The primary purpose of this fund is to account for the receipts and disbursements in providing ambulance services to the public. The primary source of receipts for this fund is patient fees.

Solid Waste Fund - The primary purpose of this fund is to account for the activities of the solid waste collection services outside the incorporated city boundaries for county residents, and dead animal removal for commercial entities and the public. The primary source of receipts for this fund is garbage collection fees.

Landfill Fund - The primary purpose of this fund is to account for the operation of the landfill and roll-off container collection services. The primary source of receipts for this fund is landfill disposal fees.

Occupational License Fee Fund - The primary purpose of this fund is to account for all activity under the Occupational License Fee Ordinance, effective January 1, 1991. The maximum fee paid by any individual, partner, shareholder, or regular corporation is \$75 per year. Disbursements provide support for emergency services, additional funding for road maintenance, and economic development.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Improvements Corporation Fund - The primary purpose of this fund is to account for the leasing, maintenance, and debt service on various county properties leased to commercial entities, other governmental agencies, and the public. The primary source of receipts is rental income.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation 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.

D. 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 disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

The State Local Finance Officer does not require the Nelson County Jail Commissary Fund to be budgeted because the fiscal court does not approve the expenses of these funds.

The State Local Finance Officer does not require the Public Improvements Corporation Fund to be budgeted. However, Nelson County Fiscal Court includes the fund in the annual budget.

E. Nelson County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 2013, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2013.

	General Fund	LGEA Fund	Solid Waste Fund	Landfill Fund	Occupational Tax Fund	Public Improvements Corporation Fund	Total Transfers In
General Fund	\$	\$	\$ 50,000	\$ 230,600	\$	\$	\$ 280,600
Road Fund		100,000	50,000		450,000		600,000
Jail Fund	881,429						881,429
EMS					335,000		335,000
Landfill	27,000					64,000	91,000
PIC					250,000		250,000
Total Transfers Out	<u>\$ 908,429</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 230,600</u>	<u>\$ 1,035,000</u>	<u>\$ 64,000</u>	<u>\$ 2,438,029</u>

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 4. Trust Funds

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

The fiscal court has the following trust funds:

Jail Inmate Fund - This fund accounts for funds due to inmates upon release. The balance in the Jail Inmate Fund as of June 30, 2013 was \$15,270. This fund is maintained at the Jail and is accounted for within the Jail Commissary Fund.

Encroachment Fund - This fund accounts for funds received for encroachment permits administered by the county. The funds are held in an escrow account. The balance in the Encroachment Fund as of June 30, 2013 was \$40,000.

Health Reimbursement Account Fund - This fund accounts for employee and employer contributions to reimburse employees for health care expenses.

Note 5. Land Held For Resale

In July 2004, Nelson County Fiscal Court purchased 424 acres to develop Nelson County Industrial Park, located near the intersection of the Martha Layne Collins Parkway and US Highway 150. The property was purchased for \$3,197,674. During the last six years, infrastructure additions have been made to develop the property, including a water tank, initial sewer line installation, and the completion of Parkway Drive. As of June 30, 2013, the County has spent a total of \$5,143,947 on this development.

Note 6. Long-term Debt

A. General Obligation Bonds

In June 2007, the County issued General Obligation bonds in the amount of \$1,135,000 to finance park improvements and construction of a new animal shelter. Interest rates on the individual term bonds range from 3.6% to 3.9% with the principal and interest payments (approximately \$60,000) due semiannually in November and May until May 15, 2017. Future principal and interest payments are scheduled as follows:

Fiscal Year Ended June 30	Principal	Interest
2014	\$ 120,000	\$ 18,570
2015	125,000	14,010
2016	130,000	9,068
2017	135,000	3,998
Totals	<u>\$ 510,000</u>	<u>\$ 45,646</u>

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 6. Long Term Debt (Continued)

B. Nelson County Public Improvements Corporation

1. Land Held For Resale

On July 26, 2004, the Nelson County Fiscal Court entered into an agreement to borrow \$3,175,174 from Salt River Electric Cooperative Corporation to purchase 424 acres of land for development as the Nelson County Industrial Park. Both parties exercised the option to extend the due date on July 26, 2014 for five years. Principal is due and payable on or before July 25, 2019, with the option to extend the due date for an additional five year period. The note currently bears interest at 1.27%, to be adjusted annually on July 26 based on the 1 year Treasury index. Principal and interest payments are only required when lots are sold in the Industrial Park. No lots were sold in fiscal year 2013, however, Nelson County Fiscal Court paid \$195,043 and \$54,957 towards the loan principal and interest respectively. The principal balance as of June 30, 2013 is \$2,623,258.

2. Lease Agreement – Airport Hanger

On April 30, 2002, the Nelson County Fiscal Court, on behalf of the Bardstown/Nelson County Air Board, entered into a lease agreement with Kentucky Association of Counties Leasing Trust. The lease provided \$100,000 for construction of an airport hangar. This lease has a variable interest rate that is adjusted annually. During the fiscal year, the Fiscal Court received \$7,531 in principal and interest from the Air Board. The Fiscal Court then paid the debt service to the trustee. Future principal and interest payments are scheduled as follows:

Fiscal Year Ended June 30	Principal	Interest
2014	\$ 5,000	\$ 2,267
2015	5,000	2,003
2016	5,000	1,738
2017	5,000	1,474
2018	5,000	1,298
2019-2022	<u>20,000</u>	<u>2,201</u>
Totals	<u>\$ 45,000</u>	<u>\$ 10,981</u>

3. Lease Agreement – Fire Truck

On October 22, 2007, the Nelson County Fiscal Court, on behalf of the New Hope Fire Department, entered into a lease agreement with Kentucky Association of Counties Leasing Trust. The lease provided \$131,900 at a fixed interest rate of 4.63% for 144 months to purchase a fire truck for the New Hope Fire Department. During the fiscal year, the Court received \$14,371 in principal and interest from the Fire Department. The Fiscal Court then paid the debt service to the trustee.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 6. Long-term Debt (Continued)

C. Nelson County Public Improvements Corporation (Continued)

3. Lease Agreement – Fire Truck (Continued)

Future principal and interest payments are scheduled as follows:

Fiscal Year Ended June 30	Principal	Interest
2014	\$ 10,956	\$ 3,420
2015	11,501	2,875
2016	12,045	2,331
2017	12,615	1,761
2018	13,212	1,164
2019-2020	17,903	574
Totals	<u>\$ 78,232</u>	<u>\$ 12,125</u>

D. Nelson County Public Properties Corporation

1. Justice Center Series 2011 Bonds

The Nelson County Public Properties Corporation entered into a bond issue, Nelson County Public Properties Corporation First Mortgage Refunding Revenue Bonds (Court Facility Project), Series 2011 on May 10, 2011 for the purpose of paying the costs associated with the refunding and refinancing of the Series 2002 Bonds. Proceeds from the original bond issue provided funds for the construction of the Nelson County Justice Center. The issue amount of the bond was \$7,905,000. Interest on the bonds will be payable semi-annually on December 1 and June 1 of each year commencing December 1, 2011. The bonds will mature on June 1 of each year thereafter.

Fiscal Year Ended June 30	Principal	Interest
2014	\$ 655,000	\$ 201,833
2015	665,000	192,008
2016	680,000	178,708
2017	690,000	164,428
2018	705,000	148,903
2019-2023	3,890,000	408,345
Totals	<u>\$ 7,285,000</u>	<u>\$ 1,294,225</u>

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 6. Long-term Debt (Continued)

D. Nelson County Public Properties Corporation (Continued)

2. Justice Center Series 2002B

On October 16, 2003, Nelson County Public Properties Corporation issued First Mortgage Revenue Bonds Series 2002 B dated October 1, 2003, in the amount of \$375,000. Proceeds from the bond issue provided funds for the completion of the Nelson County Justice Center. Future principal and interest payments are scheduled as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2014	\$ 20,000	\$ 9,340
2015	20,000	8,600
2016	20,000	7,830
2017	20,000	7,040
2018	20,000	6,230
2019-2023	120,000	16,650
Totals	<u>\$ 220,000</u>	<u>\$ 55,690</u>

E. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 625,000	\$ 115,000	510,000	\$ 120,000
Revenue Bonds	8,130,000	625,000	7,505,000	675,000
Financing Obligations	2,957,006	210,516	2,746,490	15,956
	<u>\$ 11,712,006</u>	<u>\$ 950,516</u>	<u>\$ 10,761,490</u>	<u>\$ 810,956</u>

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 7. Notes Receivable

A. Roberts Road/Bellwood Road Waterlines Notes

Notes were issued to property owners who wanted to participate in waterline improvements for their neighborhoods and agreed to repay Nelson County for advances to install the waterlines. Several outstanding loans from property owners have been written off as uncollectible. The following notes with property owners remain as of June 30, 2013.

1. The county loaned \$2,500 each to five residents and \$1,800 to one resident of the Roberts Road Area on May 1, 1997, for the purpose of providing waterlines to their homes. These notes bear interest at the rate of 7% per year. Terms of the agreements stipulate monthly payments of \$29.03 until April 30, 2007. As of June 30, 2013, the principal balance due was \$471.
2. The county loaned \$3,446 each to seventeen residents of the Bellwood Road Area #1 on March 1, 1998, for the purpose of providing waterlines to their homes. These notes bear interest at the rate of 6% per year. Terms of the agreements stipulate monthly payments of \$29.08 until February 28, 2013. As of June 30, 2013, the principal balance due was \$7,040.
3. The county loaned \$2,167 each to twelve residents of the Bellwood Road Area #2 on December 1, 1997, for the purpose of providing waterlines to their homes. These notes bear interest at 6.24% per year. Terms of the agreements stipulate monthly payments of \$24.32 until November 30, 2007. As of June 30, 2013, the principal balance due was \$797.

B. Central Dispatch Line Of Credit

As of June 30, 2013, Fiscal Court has authorized a \$445,000 line of credit to Central Dispatch. These funds will assist Central Dispatch with GPS mapping, required upgrades for telephones, recording systems, and digital radios and repeaters. Central Dispatch is repaying this credit line at \$4,500 per month. As of June 30, 2013, the fiscal court had loaned \$247,451; the balance due to Fiscal Court as of year-end totaled \$206,951.

C. Kentucky Railway Museum

On November 15, 2011, the Fiscal Court granted a \$25,000 loan to the Kentucky Railway Museum (KRM). The museum incurred flood damage and was declared a disaster area, thus eligible for Federal Emergency Management Assistance (FEMA) funds. To expedite repairs, the court voted to provide the funds in advance. As of June 30, 2013, KRM has not repaid this loan to the Fiscal Court.

Note 8. Employee Retirement System

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

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 19.55 percent.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 8. Employee Retirement System (Continued)

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 37.60 percent.

The county's contribution for FY 2011 was \$1,187,788, FY 2012 was \$1,323,206, and FY 2013 was \$1,417,388.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (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.

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

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:

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

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.

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

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 9. Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The County purchases commercial insurance to cover all types of losses. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County.

Note 10. Commitments and Contingencies

A. Closure and Post-closure Care of Municipal Solid Waste Landfill

State and federal laws and regulations require the Nelson County Fiscal Court to place a final cover on its Municipal Solid Waste Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste.

As of June 30, 2013, County engineers estimate that \$6,528,230 will be required for landfill closure cost and for post-closure care liability. Approximately 54% of the landfill airspace capacity has been used as of June 30, 2013. \$4,180,500 has been set aside in a restricted reserve to accumulate funds required to finance closure and post-closure monitoring.

Filling activities within the contained landfill began in 1995. The original design was estimated to last 20 years based on multiple assumptions and receipt of waste from Nelson, Marion, and Washington Counties. Due to increased compaction rates within the landfill, decreased volume from industries, and Washington County no longer disposing waste at the landfill, the new anticipated life expectancy is 30 years, therefore, the closure would be approximately in 2025-2028. No cost related to closure or post-closure care has been incurred to date. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Estimates are adjusted for inflation.

B. Litigation

The County is a party to various legal proceedings that normally occur in the course of governmental operations. As a result of the regulatory basis of accounting, the financial statement does not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the County, the County believes that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the County. The County did not pay any claims or judgments during fiscal year 2013.

Note 11. Payroll Revolving Account

The reconciled balance of the Payroll Revolving Account as of June 30, 2013, was \$2,206. It was not included in the financial statements for financial reporting purposes.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2013
(Continued)

Note 12. Change in Basis of Accounting and Prior Period Adjustments

Nelson County, Kentucky, has changed its basis of accounting from presenting its financial statements in accordance with the modified cash basis of accounting and relevant Government Accounting Standards Board (GASB) pronouncements to the regulatory basis of accounting as prescribed or permitted by the Department for Local Government and the laws of the Commonwealth of Kentucky. The net effect was a decrease to the beginning balance of the General Fund by \$337,709 and an increase to the balance of the Occupational Tax License Fund by \$337,709, due to the GASB 54 roll up required in the prior year and an increase in the Landfill Fund by \$3,781,346 to include CDs in the fund balance on the *Statement of Receipts, Disbursements, and Changes in Cash Balances and Cash Equivalents-Regulatory Basis*.

Note 13. Health Reimbursement Account

The Nelson Fiscal Court established a Health Reimbursement Account to provide employees an additional health benefit. The County has contracted with BMS, LLC, a third-party administrator, to administer the plan. The plan provides a debit card to each eligible employee providing \$1,000 each year to pay for qualified medical expenses.

THIS PAGE LEFT BLANK INTENTIONALLY

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2013

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2013

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 4,924,800	\$ 4,924,800	\$ 4,954,141	\$ 29,341
Excess Fees	293,000	293,000	705,561	412,561
Licenses and Permits	286,600	286,600	292,924	6,324
Intergovernmental	403,300	521,310	413,007	(108,303)
Charges for Services	8,300	8,300	8,823	523
Miscellaneous	465,800	511,110	440,894	(70,216)
Interest	1,100	1,100	454	(646)
Total Receipts	6,382,900	6,546,220	6,815,804	269,584
DISBURSEMENTS				
General Government	1,227,200	1,269,200	1,221,944	47,256
Protection to Persons and Property	1,550,650	1,720,045	1,627,973	92,072
General Health and Sanitation	700,800	792,600	788,729	3,871
Social Services	140,400	346,400	287,477	58,923
Recreation and Culture	434,200	504,840	437,635	67,205
Roads	51,500	51,500	48,197	3,303
Bus Services	215,400	232,400	232,338	62
Debt Service	138,100	138,100	138,035	65
Administration	1,722,350	1,613,250	1,594,008	19,242
Total Disbursements	6,180,600	6,668,335	6,376,336	291,999
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	202,300	(122,115)	439,468	561,583
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	250,000	296,415	280,600	(15,815)
Transfers To Other Funds	(1,176,300)	(1,176,300)	(908,429)	267,871
Total Other Adjustments to Cash (Uses)	(926,300)	(879,885)	(627,829)	252,056
Net Change in Cash Balances and Cash Equivalents	(724,000)	(1,002,000)	(188,361)	813,639
Cash Balances and Cash Equivalents - Beginning (Restated)	724,000	1,002,000	1,002,800	800
Cash Balances and Cash Equivalents - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 814,439</u>	<u>\$ 814,439</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,973,100	\$ 2,986,600	\$ 2,485,535	\$ (501,065)
Miscellaneous	500	215,200	239,603	24,403
Interest	800	800	210	(590)
Total Receipts	<u>2,974,400</u>	<u>3,202,600</u>	<u>2,725,348</u>	<u>(477,252)</u>
DISBURSEMENTS				
Roads	3,450,000	3,721,600	2,870,381	851,219
Administration	424,400	420,000	288,502	131,498
Total Disbursements	<u>3,874,400</u>	<u>4,141,600</u>	<u>3,158,883</u>	<u>982,717</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(900,000)</u>	<u>(939,000)</u>	<u>(433,535)</u>	<u>505,465</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	600,000	600,000	600,000	
Total Other Adjustments to Cash (Uses)	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	
Net Change in Cash Balances and Cash Equivalents	(300,000)	(339,000)	166,465	505,465
Cash Balances and Cash Equivalents - Beginning	300,000	339,000	339,080	80
Cash Balances and Cash Equivalents - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 505,545</u>	<u>\$ 505,545</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 287,600	\$ 287,600	\$ 424,117	\$ 136,517
Charges for Services	103,000	103,000	114,693	11,693
Miscellaneous	103,000	103,000	35,530	(67,470)
Total Receipts	<u>493,600</u>	<u>493,600</u>	<u>574,340</u>	<u>80,740</u>
DISBURSEMENTS				
Protection to Persons and Property	1,328,000	1,324,750	1,167,926	156,824
Administration	287,900	291,150	287,843	3,307
Total Disbursements	<u>1,615,900</u>	<u>1,615,900</u>	<u>1,455,769</u>	<u>160,131</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,122,300)</u>	<u>(1,122,300)</u>	<u>(881,429)</u>	<u>240,871</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,122,300</u>	<u>1,122,300</u>	<u>881,429</u>	<u>(240,871)</u>
Total Other Adjustments to Cash (Uses)	<u>1,122,300</u>	<u>1,122,300</u>	<u>881,429</u>	<u>(240,871)</u>
Net Change in Cash Balances and Cash Equivalents				
Cash Balances and Cash Equivalents - Beginning				
Cash Balances and Cash Equivalents - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 186,200	\$ 186,200	\$ 165,249	\$ (20,951)
Interest	200	200	23	(177)
Total Receipts	<u>186,400</u>	<u>186,400</u>	<u>165,272</u>	<u>(21,128)</u>
DISBURSEMENTS				
Roads	140,000	140,000	125,837	14,163
Administration	182,400	182,400		182,400
Total Disbursements	<u>322,400</u>	<u>322,400</u>	<u>125,837</u>	<u>196,563</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(136,000)</u>	<u>(136,000)</u>	<u>39,435</u>	<u>175,435</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	
Total Other Adjustments to Cash (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	
Net Change in Cash Balances and Cash Equivalents	(236,000)	(236,000)	(60,565)	175,435
Cash Balances and Cash Equivalents - Beginning	<u>236,000</u>	<u>236,000</u>	<u>242,987</u>	<u>6,987</u>
Cash Balances and Cash Equivalents - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 182,422</u>	<u>\$ 182,422</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

EMERGENCY MEDICAL SERVICES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 10,500	\$ 100,500	\$ 10,714	\$ (89,786)
Charges for Services	1,797,000	1,797,000	1,820,993	23,993
Miscellaneous	6,500	6,500	1,450	(5,050)
Interest	100	100	21	(79)
Total Receipts	<u>1,814,100</u>	<u>1,904,100</u>	<u>1,833,178</u>	<u>(70,922)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,713,550	1,839,700	1,702,814	136,887
Administration	553,550	517,400	498,408	18,992
Total Disbursements	<u>2,267,100</u>	<u>2,357,100</u>	<u>2,201,222</u>	<u>155,878</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(453,000)</u>	<u>(453,000)</u>	<u>(368,044)</u>	<u>84,956</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>335,000</u>	<u>335,000</u>	<u>335,000</u>	
Total Other Adjustments to Cash (Uses)	<u>335,000</u>	<u>335,000</u>	<u>335,000</u>	
Net Change in Cash Balances and Cash Equivalents	(118,000)	(118,000)	(33,044)	84,956
Cash Balances and Cash Equivalents - Beginning	<u>118,000</u>	<u>118,000</u>	<u>210,208</u>	<u>92,208</u>
Cash Balances and Cash Equivalents - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 177,164</u>	<u>\$ 177,164</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

SOLID WASTE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 57,500	\$ 63,800	\$ 63,860	\$ 60
Charges for Services	1,922,600	1,922,600	1,887,375	(35,225)
Miscellaneous	8,500	8,500	8,500	
Interest	100	100	274	174
Total Receipts	<u>1,988,700</u>	<u>1,995,000</u>	<u>1,960,009</u>	<u>(34,991)</u>
DISBURSEMENTS				
General Health and Sanitation	1,754,200	1,761,000	1,651,665	109,335
Administration	263,500	263,000	235,884	27,116
Total Disbursements	<u>2,017,700</u>	<u>2,024,000</u>	<u>1,887,549</u>	<u>136,451</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(29,000)</u>	<u>(29,000)</u>	<u>72,460</u>	<u>101,460</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	
Total Other Adjustments to Cash (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	
Net Change in Cash Balances and Cash Equivalents	(129,000)	(129,000)	(27,540)	101,460
Cash Balances and Cash Equivalents - Beginning	<u>129,000</u>	<u>129,000</u>	<u>101,828</u>	<u>(27,172)</u>
Cash Balances and Cash Equivalents - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,288</u>	<u>\$ 74,288</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

	LANDFILL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 3,000	\$
Charges for Services	2,182,000	2,182,000	2,125,547	(56,453)
Miscellaneous	33,400	33,400	40,917	7,517
Interest	80,000	80,000	50,931	(29,069)
Total Receipts	<u>2,298,400</u>	<u>2,298,400</u>	<u>2,220,395</u>	<u>(78,005)</u>
DISBURSEMENTS				
General Health and Sanitation	1,364,700	1,371,950	1,184,627	187,323
Administration	1,318,700	1,311,450	291,534	1,019,916
Total Disbursements	<u>2,683,400</u>	<u>2,683,400</u>	<u>1,476,161</u>	<u>1,207,239</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(385,000)</u>	<u>(385,000)</u>	<u>744,234</u>	<u>1,129,234</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	54,000	54,000	91,000	37,000
Transfers To Other Funds	(200,000)	(200,000)	(230,600)	(30,600)
Total Other Adjustments to Cash (Uses)	<u>(146,000)</u>	<u>(146,000)</u>	<u>(139,600)</u>	<u>6,400</u>
Net Change in Cash Balances and Cash Equivalents	(531,000)	(531,000)	604,634	1,135,634
Cash Balances and Cash Equivalents - Beginning	<u>531,000</u>	<u>531,000</u>	<u>4,437,716</u>	<u>3,906,716</u>
Cash Balances and Cash Equivalents - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,042,350</u>	<u>\$ 5,042,350</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2013
(Continued)

OCCUPATIONAL LICENSE FEE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,081,000	\$ 1,081,000	\$ 1,163,850	\$ 82,850
Interest	200	200	563	363
Total Receipts	<u>1,081,200</u>	<u>1,081,200</u>	<u>1,164,413</u>	<u>83,213</u>
DISBURSEMENTS				
General Government	130,400	139,600	138,441	1,159
Social Services		5,000	5,000	
Recreation and Culture		9,500	9,500	
Airport	14,800	14,800	4,800	10,000
Administration	183,000	159,300	8,682	150,618
Total Disbursements	<u>328,200</u>	<u>328,200</u>	<u>166,423</u>	<u>161,777</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>753,000</u>	<u>753,000</u>	<u>997,990</u>	<u>244,990</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(1,035,000)</u>	<u>(1,035,000)</u>	<u>(1,035,000)</u>	
Total Other Adjustments to Cash (Uses)	<u>(1,035,000)</u>	<u>(1,035,000)</u>	<u>(1,035,000)</u>	
Net Change in Cash Balances and Cash Equivalents	(282,000)	(282,000)	(37,010)	244,990
Cash Balances and Cash Equivalents - Beginning	<u>282,000</u>	<u>282,000</u>	<u>337,709</u>	<u>55,709</u>
Cash Balances and Cash Equivalents - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 300,699</u>	<u>\$ 300,699</u>

NELSON COUNTY
NOTES TO SUPPLEMENTARY INFORMATION

June 30, 2013

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 disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

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

THIS PAGE LEFT BLANK INTENTIONALLY

**NELSON COUNTY
SUPPLEMENTARY SCHEDULE
Other Information - Regulatory Basis
For The Year Ended June 30, 2013**

NELSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2013

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,988,946	\$	\$	\$ 2,988,946
Land Improvements	10,988,244	16,795		11,005,039
Buildings	28,935,907	249,726		29,185,633
Vehicles	5,811,411	580,511	140,042	6,251,880
Computers	170,743			170,743
Equipment	3,179,744	66,930		3,246,674
Infrastructure	96,550,086	1,424,078		97,974,164
Total Capital Assets	<u>\$ 148,625,081</u>	<u>\$ 2,338,040</u>	<u>\$ 140,042</u>	<u>\$ 150,823,079</u>

NELSON COUNTY
NOTES TO OTHER INFORMATION

June 30, 2013

Note 1. Capital Assets

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	10,000	10-60
Buildings	8,000	10-75
Vehicles	5,000	3-25
Computers	3,000	2-10
Equipment	5,000	3-25
Infrastructure	10,000	10-50

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



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Dean Watts, Nelson County Judge/Executive
Members of the Nelson County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Cash Balances and Cash Equivalents - Regulatory Basis of the Nelson County Fiscal Court for the fiscal year ended June 30, 2013 and the related notes to the financial statement and have issued our report thereon dated July 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Nelson County Fiscal Court's internal control over financial reporting to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Nelson County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nelson County 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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

Compliance And Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

July 28, 2014

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

NELSON COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2013**

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

For The Fiscal Year Ended June 30, 2013

The Nelson 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.



County Judge/Executive



County Treasurer

