

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

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



**MIKE HARMON
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EXECUTIVE SUMMARY
AUDIT OF THE
NELSON COUNTY FISCAL COURT

June 30, 2015

The Auditor of Public Accounts has completed the audit of the Nelson County Fiscal Court for fiscal year ended June 30, 2015.

We have issued an unmodified opinion, based on our audit, on the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Nelson County Fiscal Court.

Financial Condition:

The Nelson County Fiscal Court had total receipts of \$20,215,070 and disbursements of \$20,882,482 in fiscal year 2015. This resulted in a total ending fund balance of \$7,039,456, which is a decrease of \$667,412 from the prior year.

Deposits:

The fiscal court's deposits as of June 30, 2015, were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$21,334

The fiscal court's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement.

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable 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 Fund Balances - Regulatory Basis of Nelson County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Nelson County Fiscal Court's financial statement as listed in the table of contents.

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. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. 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.



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

As described more fully in Note 1 of the financial statement, the financial statement is prepared by Nelson County Fiscal Court 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 Fiscal Court as of June 30, 2015, 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 fund balances of Nelson County Fiscal Court as of June 30, 2015, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Nelson County Fiscal Court. 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, however they are required to be presented 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.

The accompanying budgetary comparison schedules and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has 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 and capital asset schedule are fairly stated in all material respects in relation to the financial statement as a whole.

To the People of Kentucky
Honorable Matthew G. Bevin, Governor
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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 March 14, 2016 on our consideration of Nelson County 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 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* in considering Nelson County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

March 14, 2016

NELSON COUNTY OFFICIALS

For The Year Ended June 30, 2015

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
Ed Mattingly	Sheriff
Barbara Tichenor	Property Valuation Administrator
Rayfield 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 FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2015

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

For The Year Ended June 30, 2015

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 5,151,976	\$	\$
Excess Fees	463,159		
Licenses and Permits	414,356		
Intergovernmental	481,026	2,112,149	469,798
Charges for Services	10,016		100,285
Miscellaneous	470,027	1,982	21,191
Interest	809		
Total Receipts	<u>6,991,369</u>	<u>2,114,131</u>	<u>591,274</u>
DISBURSEMENTS			
General Government	1,272,948		
Protection to Persons and Property	1,676,650		1,219,768
General Health and Sanitation	800,015		
Social Services	174,857		
Recreation and Culture	457,983		
Roads	51,635	2,645,173	
Bus Services	213,336		
Other Transportation Facilities and Services			
Debt Service	139,010		
Capital Projects			
Administration	1,534,682	291,556	292,754
Total Disbursements	<u>6,321,116</u>	<u>2,936,729</u>	<u>1,512,522</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>670,253</u>	<u>(822,598)</u>	<u>(921,248)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	471,000	425,000	921,248
Transfers To Other Funds	<u>(1,121,248)</u>		
Total Other Adjustments to Cash (Uses)	<u>(650,248)</u>	<u>425,000</u>	<u>921,248</u>
Net Change in Fund Balance	20,005	(397,598)	
Fund Balance - Beginning (Restated)	673,522	665,188	
Fund Balance - Ending	<u>\$ 693,527</u>	<u>\$ 267,590</u>	<u>\$ 0</u>
Composition of Fund Balance			
Bank Balance	\$ 796,840	\$ 267,590	\$
Less: Outstanding Checks	(103,313)		
Certificates of Deposit			
Fund Balance - Ending	<u>\$ 693,527</u>	<u>\$ 267,590</u>	<u>\$ 0</u>

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

NELSON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND BALANCES - REGULATORY BASIS
 For The Year Ended June 30, 2015
 (Continued)

Budgeted Funds				
Local Government Economic Assistance Fund	Emergency Medical Services Fund	Solid Waste Fund	Landfill Fund	Occupational License Fee Fund
\$	\$	\$	\$	\$ 1,164,943
223,327	48,000	57,085	4,000	
	1,948,974	2,116,866	2,280,978	
	3,198		103,542	
		20	21,206	19
<u>223,327</u>	<u>2,000,172</u>	<u>2,173,971</u>	<u>2,409,726</u>	<u>1,164,962</u>
				138,797
	1,734,121			
		1,615,113	1,858,752	
				50,328
151,756				
				4,800
	525,269	276,103	319,048	10,963
<u>151,756</u>	<u>2,259,390</u>	<u>1,891,216</u>	<u>2,177,800</u>	<u>204,888</u>
<u>71,571</u>	<u>(259,218)</u>	<u>282,755</u>	<u>231,926</u>	<u>960,074</u>
	320,000		200,000	
		(100,000)	(1,046,524)	(966,000)
	<u>320,000</u>	<u>(100,000)</u>	<u>(846,524)</u>	<u>(966,000)</u>
71,571	60,782	182,755	(614,598)	(5,926)
161,157	250,237	194,715	5,631,670	96,527
<u>\$ 232,728</u>	<u>\$ 311,019</u>	<u>\$ 377,470</u>	<u>\$ 5,017,072</u>	<u>\$ 90,601</u>
\$ 232,728	\$ 311,019	\$ 377,470	\$ 1,166,150	\$ 90,601
			(875)	
			3,851,797	
<u>\$ 232,728</u>	<u>\$ 311,019</u>	<u>\$ 377,470</u>	<u>\$ 5,017,072</u>	<u>\$ 90,601</u>

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

NELSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2015
(Continued)

	<u>Unbudgeted Funds</u>		
	<u>Public Improvements Corporation Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS			
Taxes	\$	\$	\$ 6,316,919
Excess Fees			463,159
Licenses and Permits			414,356
Intergovernmental			3,395,385
Charges for Services			6,457,119
Miscellaneous	2,311,949	234,147	3,146,036
Interest		42	22,096
Total Receipts	<u>2,311,949</u>	<u>234,189</u>	<u>20,215,070</u>
DISBURSEMENTS			
General Government	24,513		1,436,258
Protection to Persons and Property			4,630,539
General Health and Sanitation			4,273,880
Social Services			225,185
Recreation and Culture		218,379	676,362
Roads			2,848,564
Bus Services			213,336
Other Transportation Facilities and Services			4,800
Debt Service	2,417,933		2,556,943
Capital Projects	766,240		766,240
Administration			3,250,375
Total Disbursements	<u>3,208,686</u>	<u>218,379</u>	<u>20,882,482</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(896,737)</u>	<u>15,810</u>	<u>(667,412)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	896,524		3,233,772
Transfers To Other Funds			<u>(3,233,772)</u>
Total Other Adjustments to Cash (Uses)	<u>896,524</u>		
Net Change in Fund Balance	(213)	15,810	(667,412)
Fund Balance - Beginning (Restated)	650	33,202	7,706,868
Fund Balance - Ending	<u>\$ 437</u>	<u>\$ 49,012</u>	<u>\$ 7,039,456</u>
Composition of Fund Balance			
Bank Balance	\$ 437	\$ 49,012	\$ 3,291,847
Less Outstanding Checks			(104,188)
Certificates of Deposit			<u>3,851,797</u>
Ending Fund Balance	<u>\$ 437</u>	<u>\$ 49,012</u>	<u>\$ 7,039,456</u>

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

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NELSON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2015

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 may include non-fiduciary financial activities, private purpose trust funds and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation 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 fund balances 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.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are 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 disbursements separately from the General Fund.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(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 grants and related disbursements. 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 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.

D. Budgetary Information

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the State Local Finance Officer.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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.

The State Local Finance Officer does not require the Jail Commissary Fund to be budgeted because the fiscal court does not approve the expenses of this fund.

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 Fiscal Court.

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

F. Deposits and Investments

The government's fund balance is 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. The government's fund balance includes cash and cash equivalents and investments.

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).

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 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.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the fiscal court'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). On June 30, 2015, the fiscal court's bank balance was exposed to custodial credit risk because the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$21,334

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2015.

	General Fund	Solid Waste Fund	Landfill Fund	Occupational Tax Fund	Total Transfers In
General Fund	\$	\$ 50,000	\$ 400,000	\$ 21,000	\$ 471,000
Road Fund		50,000		375,000	425,000
Jail Fund	921,248				921,248
EMS				320,000	320,000
Landfill	200,000				200,000
PIC			646,524	250,000	896,524
	<u>\$ 1,121,248</u>	<u>\$ 100,000</u>	<u>\$ 1,046,524</u>	<u>\$ 966,000</u>	<u>\$ 3,233,772</u>
Total Transfers Out	<u>\$ 1,121,248</u>	<u>\$ 100,000</u>	<u>\$ 1,046,524</u>	<u>\$ 966,000</u>	<u>\$ 3,233,772</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, 2015
(Continued)

Note 4. Agency 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 agency trust funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2015 was \$19,141. 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, 2015 was \$58,500.

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. During fiscal year 2015, 100 acres of land held for resale was sold for \$1,300,000. As of June 30, 2015, the county has spent a total of \$5,191,835 on this development.

Note 6. 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, 2015.

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, 2015, 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, 2015, the principal balance due was \$6,901.
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, 2015, the principal balance due was \$797.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 6. Notes Receivable (Continued)

B. Central Dispatch Line Of Credit

On July 16, 2013, fiscal court authorized a \$410,000 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, 2015, the fiscal court had loaned \$321,335; the balance due to fiscal court as of year-end totaled \$266,585.

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, 2015, the loan balance due was \$15,000.

D. Nelson County Fair Board

On September 10, 2013, the fiscal court granted a \$62,445 loan to the Nelson County Fair Board. These funds will assist Nelson County Fair Board to purchase bleachers for the fairgrounds. As of June 30, 2015, the loan balance due was \$57,445.

Note 7. 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
2016	\$ 130,000	\$ 9,068
2017	135,000	3,998
Totals	<u>\$ 265,000</u>	<u>\$ 13,066</u>

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. During fiscal year 2015, 100 acres of land held for resale was sold. Nelson County Fiscal Court paid \$1,165,082 and \$345,859 towards the loan principal and interest respectively. The principal balance as of June 30, 2015 is \$1,106,603.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Long-term Debt (Continued)

B. Nelson County Public Improvements Corporation (Continued)

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 fiscal year 2015, the fiscal court received \$7,003 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
2016	\$ 5,000	\$ 1,738
2017	5,000	1,474
2018	5,000	1,298
2019	5,000	946
2020	5,000	682
2021-2022	10,000	572
Totals	<u>\$ 35,000</u>	<u>\$ 6,710</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 2015, the Court received \$14,383 in principal and interest from the Fire Department. 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
2016	\$ 11,994	\$ 2,333
2017	12,609	1,762
2018	13,206	1,165
2019	13,832	540
2020	4,207	36
Totals	<u>\$ 55,848</u>	<u>\$ 5,836</u>

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Long-term Debt (Continued)

C. 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
2016	\$ 680,000	\$ 178,708
2017	690,000	164,428
2018	705,000	148,903
2019	730,000	129,515
2020	755,000	107,615
2021-2023	2,405,000	171,215
Totals	<u>\$ 5,965,000</u>	<u>\$ 900,384</u>

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
2016	\$ 20,000	\$ 7,830
2017	20,000	7,040
2018	20,000	6,230
2019	20,000	5,400
2020	25,000	4,500
2021-2023	75,000	6,750
Totals	<u>\$ 180,000</u>	<u>\$ 37,750</u>

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Long-term Debt (Continued)

D. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 390,000	\$	\$ 125,000	\$ 265,000	\$ 130,000
Revenue Bonds	6,830,000		685,000	6,145,000	700,000
Financing Obligations	2,378,973		1,181,522	1,197,451	16,994
	<u>\$ 9,598,973</u>	<u>\$</u>	<u>\$ 1,991,522</u>	<u>\$ 7,607,451</u>	<u>\$ 846,994</u>

Note 8. 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, 2015, county engineers estimate that \$7,158,108 will be required for landfill closure cost and for post-closure care liability. Approximately 62% of the landfill airspace capacity has been used as of June 30, 2015.

401 KAR 48:310 Sections 2 and 3 require the owner or operator of a landfill to have a detailed written estimate, in current dollars, of the cost of hiring a third party to close the solid waste disposal site and to conduct each phase of closure care monitoring and maintenance in accordance with the closure plan. Pursuant to the regulatory basis of accounting, as described in Note 1, no liability has been recognized on the financial statement for closure or post closure care costs. Nelson County must comply with established state and federal closure procedures and must perform maintenance and monitoring procedures at the site for 30 years after closure. Estimated closure costs total \$3,916,108, and estimated post closure care costs total \$106,400 per year for 30 years and \$50,000 per year for 5 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Estimates are adjusted for inflation. The projected date of closure for the current permitted space is July 1, 2025. No cost related to closure or post-closure care has been incurred to date.

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 2015.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

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 that covers all eligible regular full-time members employed in non-hazardous *and hazardous duty* positions in the county. The Plan 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.

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.67 percent.

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 34.31 percent.

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

The county's contribution for FY 2013 was \$1,417,388, FY 2014 was \$1,396,477, and FY 2015 was \$1,306,951.

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 (member's 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:

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 9. Employee Retirement System (Continued)

A. Plan Description (Continued)

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. 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 15 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.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. 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.

B. Net Pension Liability

As promulgated by GASB Statement No. 68 the total pension liability for CERS was determined by an actuarial valuation as of June 30, 2014. The total net pension liability for all employers participating in CERS was determined by an actuarial valuation as of June 30, 2014, measured as of the same date and is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000 as of June 30, 2014. Based on these requirements, Nelson County's proportionate share of the net pension liability as of June 30, 2015 is:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Hazardous	\$ 3,157,000	\$ 2,827,000
Non-Hazardous	<u>8,067,000</u>	<u>7,129,000</u>
Totals	<u>\$ 11,224,000</u>	<u>\$ 9,956,000</u>

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.

NELSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 10. Health Reimbursement Account

The Nelson County 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. The balance in the Health Reimbursement Account as of June 30, 2015 was \$5,050.

Note 11. 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 these types of losses. Management believes such coverage is sufficient to preclude any significant uninsured losses to the county.

Note 12. Payroll Revolving Account

The reconciled balance of the Payroll Revolving Account as of June 30, 2015, was \$1,986. It was not included in the financial statements for financial reporting purposes.

Note 13. Deferred Compensation

On May 21, 2014, the Nelson County 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 permits 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 14. Prior Period Adjustments

The beginning balance of the Jail Commissary Fund decreased by \$15,036, due to Jail Inmate Fund being included in prior year ending balance.

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NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 5,103,300	\$ 5,146,300	\$ 5,151,976	\$ 5,676
Excess Fees	368,000	411,000	463,159	52,159
Licenses and Permits	326,600	357,600	414,356	56,756
Intergovernmental	470,500	470,500	481,026	10,526
Charges for Services	8,400	8,400	10,016	1,616
Miscellaneous	414,300	441,300	470,027	28,727
Interest	500	500	809	309
Total Receipts	<u>6,691,600</u>	<u>6,835,600</u>	<u>6,991,369</u>	<u>155,769</u>
DISBURSEMENTS				
General Government	1,314,100	1,346,600	1,272,948	73,652
Protection to Persons and Property	1,639,200	1,720,300	1,676,650	43,650
General Health and Sanitation	797,700	803,600	800,015	3,585
Social Services	161,500	217,300	174,857	42,443
Recreation and Culture	432,400	471,600	457,983	13,617
Roads	51,900	51,900	51,635	265
Bus Service	239,000	213,400	213,336	64
Debt Service	139,100	139,100	139,010	90
Administration	1,728,600	1,683,700	1,534,682	149,018
Total Disbursements	<u>6,503,500</u>	<u>6,647,500</u>	<u>6,321,116</u>	<u>326,384</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>188,100</u>	<u>188,100</u>	<u>670,253</u>	<u>482,153</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	303,000	303,000	471,000	168,000
Transfers To Other Funds	(1,216,100)	(1,216,100)	(1,121,248)	94,852
Total Other Adjustments to Cash (Uses)	<u>(913,100)</u>	<u>(913,100)</u>	<u>(650,248)</u>	<u>262,852</u>
Net Change in Fund Balance	(725,000)	(725,000)	20,005	745,005
Fund Balance Beginning	725,000	725,000	673,522	(51,478)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 693,527</u>	<u>\$ 693,527</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,443,000	\$ 2,443,000	\$ 2,112,149	\$ (330,851)
Miscellaneous			1,982	1,982
Total Receipts	<u>2,443,000</u>	<u>2,443,000</u>	<u>2,114,131</u>	<u>(328,869)</u>
DISBURSEMENTS				
Roads	2,753,400	3,099,000	2,645,173	453,827
Administration	889,600	544,000	291,556	252,444
Total Disbursements	<u>3,643,000</u>	<u>3,643,000</u>	<u>2,936,729</u>	<u>706,271</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(822,598)</u>	<u>377,402</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	500,000	500,000	425,000	(75,000)
Total Other Adjustments to Cash (Uses)	<u>500,000</u>	<u>500,000</u>	<u>425,000</u>	<u>(75,000)</u>
Net Change in Fund Balance	(700,000)	(700,000)	(397,598)	302,402
Fund Balance Beginning	<u>700,000</u>	<u>700,000</u>	<u>665,188</u>	<u>(34,812)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 267,590</u>	<u>\$ 267,590</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 362,500	\$ 362,500	\$ 469,798	\$ 107,298
Charges for Services	112,800	112,800	100,285	(12,515)
Miscellaneous	106,600	106,600	21,191	(85,409)
Total Receipts	<u>581,900</u>	<u>581,900</u>	<u>591,274</u>	<u>9,374</u>
DISBURSEMENTS				
Protection to Persons and Property	1,486,200	1,501,200	1,219,768	281,432
Administration	311,800	296,800	292,754	4,046
Total Disbursements	<u>1,798,000</u>	<u>1,798,000</u>	<u>1,512,522</u>	<u>285,478</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,216,100)</u>	<u>(1,216,100)</u>	<u>(921,248)</u>	<u>294,852</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,216,100	1,216,100	921,248	(294,852)
Total Other Adjustments to Cash (Uses)	<u>1,216,100</u>	<u>1,216,100</u>	<u>921,248</u>	<u>(294,852)</u>
Net Change in Fund Balance				
Fund Balance Beginning				
Fund Balance - 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, 2015
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 165,000	\$ 165,000	\$ 223,327	\$ 58,327
Total Receipts	<u>165,000</u>	<u>165,000</u>	<u>223,327</u>	<u>58,327</u>
DISBURSEMENTS				
Roads	235,000	235,000	151,756	83,244
Administration	80,000	80,000		80,000
Total Disbursements	<u>315,000</u>	<u>315,000</u>	<u>151,756</u>	<u>163,244</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>71,571</u>	<u>221,571</u>
Net Change in Fund Balance	(150,000)	(150,000)	71,571	221,571
Fund Balance Beginning	<u>150,000</u>	<u>150,000</u>	<u>161,157</u>	<u>11,157</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 232,728</u>	<u>\$ 232,728</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

EMERGENCY MEDICAL SERVICES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 48,000	\$ 48,000	\$
Charges for Services	1,879,200	1,879,200	1,948,974	69,774
Miscellaneous	14,500	14,500	3,198	(11,302)
Total Receipts	<u>1,903,700</u>	<u>1,941,700</u>	<u>2,000,172</u>	<u>58,472</u>
DISBURSEMENTS				
Protection to Persons and Property	1,737,600	1,815,000	1,734,121	80,879
Administration	586,100	696,700	525,269	171,431
Total Disbursements	<u>2,323,700</u>	<u>2,511,700</u>	<u>2,259,390</u>	<u>252,310</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(420,000)</u>	<u>(570,000)</u>	<u>(259,218)</u>	<u>310,782</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	
Total Other Adjustments to Cash (Uses)	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	
Net Change in Fund Balance	(100,000)	(250,000)	60,782	310,782
Fund Balance Beginning	<u>100,000</u>	<u>250,000</u>	<u>250,237</u>	<u>237</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 311,019</u>	<u>\$ 311,019</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

SOLID WASTE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 56,500	\$ 56,500	\$ 57,085	\$ 585
Charges for Services	1,961,000	1,961,000	2,116,866	155,866
Miscellaneous	8,500	8,500		(8,500)
Interest	200	200	20	(180)
Total Receipts	<u>2,026,200</u>	<u>2,026,200</u>	<u>2,173,971</u>	<u>147,771</u>
DISBURSEMENTS				
General Health and Sanitation	1,672,200	1,691,700	1,615,113	76,587
Administration	584,000	404,500	276,103	128,397
Total Disbursements	<u>2,256,200</u>	<u>2,096,200</u>	<u>1,891,216</u>	<u>128,397</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(230,000)</u>	<u>(70,000)</u>	<u>282,755</u>	<u>276,168</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 Fund Balance	(330,000)	(170,000)	182,755	352,755
Fund Balance Beginning	<u>330,000</u>	<u>170,000</u>	<u>194,715</u>	<u>24,715</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 377,470</u>	<u>\$ 377,470</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

LANDFILL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 3,000	\$ 3,000	\$ 4,000	\$ 1,000
Charges for Services	2,143,000	2,143,000	2,280,978	137,978
Miscellaneous	70,000	727,500	103,542	(623,958)
Interest	35,000	35,000	21,206	(13,794)
Total Receipts	<u>2,251,000</u>	<u>2,908,500</u>	<u>2,409,726</u>	<u>(498,774)</u>
DISBURSEMENTS				
General Health and Sanitation	1,602,500	2,019,100	1,858,752	160,348
Administration	1,280,500	1,521,400	319,048	1,202,352
Total Disbursements	<u>2,883,000</u>	<u>3,540,500</u>	<u>2,177,800</u>	<u>1,362,700</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(632,000)</u>	<u>(632,000)</u>	<u>231,926</u>	<u>863,926</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			200,000	200,000
Transfers To Other Funds	<u>(238,000)</u>	<u>(238,000)</u>	<u>(1,046,524)</u>	<u>(808,524)</u>
Total Other Adjustments to Cash (Uses)	<u>(238,000)</u>	<u>(238,000)</u>	<u>(846,524)</u>	<u>(608,524)</u>
Net Change in Fund Balance	(870,000)	(870,000)	(614,598)	255,402
Fund Balance Beginning	<u>870,000</u>	<u>870,000</u>	<u>5,631,670</u>	<u>4,761,670</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,017,072</u>	<u>\$ 5,017,072</u>

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

OCCUPATIONAL LICENSE FEE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,187,000	\$ 1,187,000	\$ 1,164,943	\$ (22,057)
Interest	300	300	19	(281)
Total Receipts	<u>1,187,300</u>	<u>1,187,300</u>	<u>1,164,962</u>	<u>(22,338)</u>
DISBURSEMENTS				
General Government	149,200	151,200	138,797	12,403
Social Services	30,000	50,350	50,328	22
Airports	4,800	4,800	4,800	
Administration	38,300	15,950	10,963	4,987
Total Disbursements	<u>222,300</u>	<u>222,300</u>	<u>204,888</u>	<u>17,412</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>965,000</u>	<u>965,000</u>	<u>960,074</u>	<u>(4,926)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				
Transfers To Other Funds	<u>(1,035,000)</u>	<u>(1,035,000)</u>	<u>(966,000)</u>	<u>69,000</u>
Total Other Adjustments to Cash (Uses)	<u>(1,035,000)</u>	<u>(1,035,000)</u>	<u>(966,000)</u>	<u>69,000</u>
Net Change in Fund Balance	(70,000)	(70,000)	(5,926)	64,074
Fund Balance Beginning	<u>70,000</u>	<u>70,000</u>	<u>96,527</u>	<u>26,527</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 90,601</u>	<u>\$ 90,601</u>

NELSON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2015

Note 1. Budgetary Information

Annual budgets are adopted 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 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.

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**NELSON COUNTY
SUPPLEMENTARY SCHEDULE
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015**

NELSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land	\$ 2,988,946	\$	\$	\$ 2,988,946
Land Improvements	11,658,982	742,101		12,401,083
Buildings	29,157,677	470,623		29,628,300
Vehicles	6,045,387	203,917		6,249,304
Computers	184,362	24,426	15,817	192,971
Equipment	3,754,343	469,014		4,223,357
Infrastructure	99,265,782	1,357,665		100,623,447
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets	<u>\$ 153,055,479</u>	<u>\$ 3,267,746</u>	<u>\$ 15,817</u>	<u>\$ 156,307,408</u>

NELSON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS

June 30, 2015

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.

	Capitalization Threshold	Useful Life (Years)
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***



MIKE HARMON
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 The 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 Fund Balances - Regulatory Basis of the Nelson County Fiscal Court for the fiscal year ended June 30, 2015 and the related notes to the financial statement which collectively comprise the Nelson County Fiscal Court's financial statement and have issued our report thereon dated March 14, 2016.

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 (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 The 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,

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

Mike Harmon
Auditor of Public Accounts

March 14, 2016

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

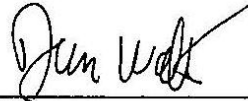
NELSON COUNTY FISCAL COURT

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

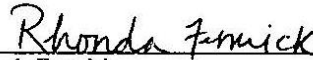
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC PROGRAM
NELSON COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

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.



Dean Watts
County Judge/Executive



Rhonda Fenwick
County Treasurer

