

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

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



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

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



**EXECUTIVE SUMMARY**

**AUDIT OF THE**  
**KENTON COUNTY FISCAL COURT**

**June 30, 2015**

The Auditor of Public Accounts has completed the audit of the Kenton 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 the Kenton County Fiscal Court. In accordance with OMB Circular A-133, we have issued an unmodified opinion on the compliance requirements that are applicable to Kenton County's major federal program: Community Development Block Grants/State's Program (CFDA #14.228).

**Financial Condition:**

The Kenton County Fiscal Court had total receipts of \$55,731,208 and disbursements of \$52,245,807 in fiscal year 2015. This resulted in a total ending fund balance of \$35,987,028, which is an increase of \$3,485,401 from the prior year.

**Report Comments:**

- 2015-001 The Kenton County Golf Course Had Lax Internal Controls Which Increased Opportunities For Misappropriations Of Assets
- 2015-002 The Former Golf Course Manager Acted As IT Administrator Of The Kenton County Golf Course Accounting System
- 2015-003 The Kenton County Golf Course Did Not Have Adequate Controls Over Receipts And Reconciliations
- 2015-004 The Kenton County Golf Course Manager Overrode The County's Disbursements Policy
- 2015-005 The Kenton County Golf Course Did Not Have Adequate Controls Over Rainchecks And Gift Cards
- 2015-006 The County Did Not Have A Written Agreement To Protect Deposits

**Deposits:**

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

- Uncollateralized and Uninsured \$36,540,809



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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 Kris Knochelmann, Kenton County Judge/Executive  
Members of the Kenton 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 the Kenton County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Kenton 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.



To the People of Kentucky  
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### **Auditor's Responsibility (Continued)**

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

### **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 the Kenton 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 the Kenton 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 the Kenton 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**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Kenton County Fiscal Court. The Budgetary Comparison Schedules, Capital Asset Schedule, and the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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.



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

**Other Matters (Continued)**

*Supplementary Information (Continued)*

The accompanying Budgetary Comparison Schedules, Capital Asset Schedule, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, Capital Asset Schedule, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the Kenton 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 the Kenton County Fiscal Court's internal control over financial reporting and compliance.

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

- 2015-001 The Kenton County Golf Course Had Lax Internal Controls Which Increased Opportunities For Misappropriations Of Assets
- 2015-002 The Former Golf Course Manager Acted As IT Administrator Of The Kenton County Golf Course Accounting System
- 2015-003 The Kenton County Golf Course Did Not Have Adequate Controls Over Receipts And Reconciliations
- 2015-004 The Kenton County Golf Course Manager Overrode The County's Disbursements Policy
- 2015-005 The Kenton County Golf Course Did Not Have Adequate Controls Over Rainchecks And Gift Cards
- 2015-006 The County Did Not Have A Written Agreement To Protect Deposits

Respectfully submitted,



Mike Harmon  
 Auditor of Public Accounts

November 17, 2016

KENTON COUNTY OFFICIALS

For The Year Ended June 30, 2015

**Fiscal Court Members:**

Kris Knochelmann	County Judge/Executive
Beth Sewell	Commissioner
Jon Draud	Commissioner
Joe Nienaber, Jr.	Commissioner

**Other Elected Officials:**

Stacy Tapke	County Attorney
Terrance Carl	Jailer
Gabrielle Summe	County Clerk
John Middleton	Circuit Court Clerk
Charles Korzenborn	Sheriff
Darlene Plummer	Property Valuation Administrator
David Suetholz	Coroner

**Appointed Personnel:**

Mark Kreimborg	Deputy County Judge Executive
Joseph Shriver	County Administrator
Roy Cox	County Treasurer
Robert Reinacke	Occupational Tax Collector
Brenda Spare	Assistant Treasurer

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

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

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

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

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 18,000,565	\$ 1,381,193	\$
In Lieu Tax Payments	31,650		
Excess Fees	3,488,742		
Licenses and Permits	165,751		
Intergovernmental	1,397,661	1,339,133	3,438,431
Charges for Services	1,446,261	337,904	50,741
Miscellaneous	3,304,975	99,889	824,799
Interest	38,036	1,189	873
Total Receipts	<u>27,873,641</u>	<u>3,159,308</u>	<u>4,314,844</u>
<b>DISBURSEMENTS</b>			
General Government	4,861,448		
Protection to Persons and Property	2,663,922		7,022,013
General Health and Sanitation	1,169,838		
Social Services	38,610		
Recreation and Culture	545,246		
Roads		1,935,939	
Bus Services			
Road Facilities		920,167	
Other Transportation Facilities and Services			
Debt Service			
Capital Projects	93,398	213,734	3,870
Administration	5,086,657	844,784	2,949,316
Total Disbursements	<u>14,459,119</u>	<u>3,914,624</u>	<u>9,975,199</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>13,414,522</u>	<u>(755,316)</u>	<u>(5,660,355)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds		734,142	5,612,240
Transfers To Other Funds	(9,505,707)		
Total Other Adjustments to Cash (Uses)	<u>(9,505,707)</u>	<u>734,142</u>	<u>5,612,240</u>
Net Change in Fund Balance	3,908,815	(21,174)	(48,115)
Fund Balance - Beginning (Restated)	13,904,833	1,366,207	591,495
Fund Balance - Ending	<u>\$ 17,813,648</u>	<u>\$ 1,345,033</u>	<u>\$ 543,380</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 18,354,163	\$ 1,345,033	\$ 543,380
Plus: Deposits In Transit	1,352		
Less: Outstanding Checks	(541,867)		
Investments			
Fund Balance - Ending	<u>\$ 17,813,648</u>	<u>\$ 1,345,033</u>	<u>\$ 543,380</u>

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

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

<b>Budgeted Funds</b>					
<b>LGEA Fund</b>	<b>CDBG Fund</b>	<b>Golf Fund</b>	<b>COLT Fund</b>	<b>Dispatch Fund</b>	<b>Capital Fund</b>
\$	\$	\$	\$ 11,529,770	\$	\$
	985,857		692,561	442,724	
		1,012,158		2,633,284	
		1,018,599	551,647		
		129	15,107		
	985,857	2,030,886	12,789,085	3,076,008	
	1,088,793			3,489,840	
			1,669,872		
			691,234		
		1,879,897			
19,759			8,911,504		
			168,750		
		307,601			
19,759	1,088,793	2,187,498	11,441,360	3,489,840	
(19,759)	(102,936)	(156,612)	1,347,725	(413,832)	
		250,000			
			(1,361,630)		
		250,000	(1,361,630)		
(19,759)	(102,936)	93,388	(13,905)	(413,832)	
19,759	102,936	121,062	5,700,846	2,592,958	8,003,898
\$ 0	\$ 0	\$ 214,450	\$ 5,686,941	\$ 2,179,126	\$ 8,003,898
\$	\$	\$ 177,957	\$ 3,873,960	\$ 2,179,126	\$ 8,003,898
		37,202			
		(709)			
			1,812,981		
\$ 0	\$ 0	\$ 214,450	\$ 5,686,941	\$ 2,179,126	\$ 8,003,898

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

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

	<b>Unbudgeted Funds</b>		<b>Total Funds</b>
	<b>Public Prop. Corporation Fund</b>	<b>Jail Commissary Fund</b>	
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 30,911,528
In Lieu Tax Payments			31,650
Excess Fees			3,488,742
Licenses and Permits			165,751
Intergovernmental	1,292,775		9,589,142
Charges for Services		208,782	5,689,130
Miscellaneous			5,799,909
Interest	22		55,356
<b>Total Receipts</b>	<u>1,292,797</u>	<u>208,782</u>	<u>55,731,208</u>
<b>DISBURSEMENTS</b>			
General Government			5,950,241
Protection to Persons and Property		105,863	13,281,638
General Health and Sanitation			2,839,710
Social Services			729,844
Recreation and Culture			2,425,143
Roads			1,955,698
Bus Services			8,911,504
Road Facilities			920,167
Other Transportation Facilities and Services			168,750
Debt Service	5,563,752		5,563,752
Capital Projects			311,002
Administration			9,188,358
<b>Total Disbursements</b>	<u>5,563,752</u>	<u>105,863</u>	<u>52,245,807</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,270,955)</u>	<u>102,919</u>	<u>3,485,401</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds	4,270,955		10,867,337
Transfers To Other Funds			(10,867,337)
<b>Total Other Adjustments to Cash (Uses)</b>	<u>4,270,955</u>		
Net Change in Fund Balance		102,919	3,485,401
Fund Balance - Beginning (Restated)	175	97,458	32,501,627
Fund Balance - Ending	<u>\$ 175</u>	<u>\$ 200,377</u>	<u>\$ 35,987,028</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 1,735,360	\$ 200,377	\$ 36,413,254
Plus: Deposits In Transit			38,554
Less: Outstanding Checks	(1,735,185)		(2,277,760)
Investments			1,812,981
Ending Fund Balance	<u>\$ 175</u>	<u>\$ 200,377</u>	<u>\$ 35,987,028</u>

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

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

	<b>Internal Service Funds</b>			
	<b>Liability</b>	<b>Medical</b>	<b>Insurance</b>	<b>Total</b>
	<b>Self-Insurance</b>	<b>Self-Insurance</b>	<b>Claims TPA</b>	<b>Internal Service</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental				
Charges for Services				
Miscellaneous	682,563	4,405,480	261,272	5,349,315
Interest	2,684	315	191	3,190
<b>Total Receipts</b>	<u>685,247</u>	<u>4,405,795</u>	<u>261,463</u>	<u>5,352,505</u>
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				
Recreation and Culture				
Roads				
Bus Services				
Road Facilities				
Other Transportation Facilities and Services				
Debt Service				
Capital Projects				
Administration	52,834	4,858,144	576,855	5,487,833
<b>Total Disbursements</b>	<u>52,834</u>	<u>4,858,144</u>	<u>576,855</u>	<u>5,487,833</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	632,413	(452,349)	(315,392)	(135,328)
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	137,732	236,686	387,267	761,685
Transfers To Other Funds	(611,686)	(137,732)	(12,267)	(761,685)
<b>Total Other Adjustments to Cash (Uses)</b>	<u>(473,954)</u>	<u>98,954</u>	<u>375,000</u>	
Net Change in Fund Balance	158,459	(353,395)	59,608	(135,328)
Fund Balance - Beginning (Restated)	859,205	346,942	116,783	1,322,930
Fund Balance - Ending	<u>\$ 1,017,664</u>	<u>\$ (6,453)</u>	<u>\$ 176,391</u>	<u>\$ 1,187,602</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 892,199	\$ 119,012	\$ 213,228	\$ 1,224,439
Plus: Deposits In Transit	125,465			125,465
Less: Outstanding Checks		(125,465)	(36,837)	(162,302)
Investments				
Ending Fund Balance	<u>\$ 1,017,664</u>	<u>\$ (6,453)</u>	<u>\$ 176,391</u>	<u>\$ 1,187,602</u>

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

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TO THE FINANCIAL STATEMENT**

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**KENTON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2015**

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

**A. Reporting Entity**

The financial statement of Kenton County includes all budgeted and unbudgeted funds under the control of the Kenton 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 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. On July 1, 2014, the county rolled the police forfeiture state fund and the police forfeiture federal fund into the general fund. These funds are used for purchases based on the guide from the United States Department of Justice *Guide to Equitable Sharing for State & Local Law Enforcement Agencies*.

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.

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

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

**C. Basis of Presentation (Continued)**

**Budgeted Funds (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 (LGEA) 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.

CDBG Fund - The primary purpose of this fund is to account for community development block grants and related disbursements. The primary source or receipts for this fund is federal grants.

Golf Fund - The primary purpose of this fund is to account for the activities of the county golf courses.

COLT Fund - The primary purpose of this fund is to account for the collection of occupational licenses and payroll taxes.

Dispatch Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund is the 911 parcel fee.

Capital Fund - The primary purpose of this fund is to account for funds reserved by the county for capital projects.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135 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.

**Internal Service Funds**

The fiscal court reports the following internal service funds:

Liability Self Insurance Fund - The primary purpose of this fund is to account for liability insurances for the county. This insurance covers: real and personal property; automobile physical damage; business income and extra expense; property in transit; data processing media and system equipment; general liability and law enforcement liability; medical payments; good Samaritan; automobile liability; public officials liability; employer's liability; loss inside and outside the premises; forgery or alterations, and worker's compensation.

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

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

**C. Basis of Presentation (Continued)**

**Internal Service Funds (Continued)**

Medical Self Insurance Fund - The primary purpose of this fund is to account for the administration of the county's health insurance fund.

Insurance Claims TPA Fund - The primary purpose of this fund is to account for medical claims paid.

**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.

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 properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Kenton County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Kenton 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 the Kenton County Fiscal Court.

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

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

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

**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 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.

**Note 2. Deposits and Investments**

**A. 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, 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. As of June 30, 2015, these requirements were not met, as the fiscal court did not have a written agreement with the bank.

**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 66.480(1)(d) and KRS 41.240. On June 30, 2015, the fiscal court's bank balance was exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured      \$36,540,809

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

**Note 2. Deposits and Investments (Continued)**

**B. Investments**

As of June 30, 2015, the COLT Fund had the following investments:

<b>I. Cash</b>	<u><b>Cost</b></u>
Cash	\$ 13,313
Money Market	1,799,668
	<u>\$ 1,812,981</u>

<b>II. Investments</b>	<b>Cost</b>	<b>Maturities (In Years)</b>			
		<b>Less</b>			<b>More</b>
Type	Basis	Than 1	1-5	6-10	Than 10
Cash Equivalents	\$ 13,313	\$	\$	\$	\$
Investments:					
U.S. Government and					
U.S. Agencies Bonds	1,799,668	99,671	1,699,997		
Total Investments	<u>1,799,668</u>	<u>99,671</u>	<u>1,699,997</u>		
Total Fund Balance	<u>\$ 1,812,981</u>	<u>\$ 99,671</u>	<u>\$ 1,699,997</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Custodial Credit Risk** is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$1,799,668 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period a single issuer, or an individual class of securities. See table above for investments listed by type and duration.

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

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities.
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency.
- 3) Obligations of any corporation of the United States Government.
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4).
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency.
- 6) Bankers' acceptances for banks rate in one of the three highest categories by a nationally recognized rating agency.
- 7) Commercial paper rated in the highest category by a nationally recognized agency.
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States and rated in one of the three highest categories by a nationally recognized rating agency.
- 10) Shares of mutual funds, each of which shall have the following characteristics:
  - a) The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
  - b) The management company of the investment company shall have been in operation for at least five years; and
  - c) All of these securities in the mutual fund shall be eligible investments pursuant to this section.

The fiscal court is limited to investing no more than 20% in categories 5, 6, 7, and 9 above per state statute. The county had no investment policy that would further limit its investment choices. As of June 30, 2015, the fiscal court does not have investments in these categories that exceed the 20% limit set by state statute.

The fiscal court's rated investments as of June 30, 2015 and the ratings are presented in the table below.

**Investments and Credit Ratings**

Type	Standard & Poor's/Moody's Credit Ratings				Unrated/NA	Cost Basis
	AAA/Aaa	AA/Aa	A	WR		
Cash Equivalents	\$	\$	\$	\$	\$ 13,313	\$ 13,313
Investments:						
U.S. Government and						
U.S. Agencies Bonds	1,799,668					1,799,668
Total Investments	1,799,668					1,799,668
Total Fund Balance	\$ 1,799,668	\$ 0	\$ 0	\$ 0	\$ 13,313	\$ 1,812,981

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the fiscal court's investment in single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk.

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

**Note 3. Transfers**

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

	General Fund	COLT Fund	Total Transfers In
Road Fund	\$ 734,142	\$	\$ 734,142
Jail Fund	5,612,240		5,612,240
Public Properties Corporation Fund	2,909,325	1,361,630	4,270,955
Golf Fund	250,000		250,000
Total Transfers Out	<u>\$ 9,505,707</u>	<u>\$ 1,361,630</u>	<u>\$ 10,867,337</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.

**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 \$236,944.

Flex Spending Fund - This fund accounts for funds received from employees for their flexible spending accounts. The balance in the flex spending fund as of June 30, 2015 was \$29,250.

HRA Fund - This fund accounts for funds received from the county to reimburse certain employee medical expenses. The balance in the HRA fund as of June 30, 2015 was \$165,581.

COLT Cities Tax Fund - This fund accounts for payroll taxes received from businesses and remitted to the local cities and other county funds. The balance in the COLT cities tax fund as of June 30, 2015 was \$20,674.

**Note 5. Long-term Debt**

**A. General Obligation Bonds, Series 2004B - Various Purposes**

Kenton County Fiscal Court issued \$15,990,000 of its Various Purpose General Obligation(GO) Bonds, 2004 Series B, for the purpose of advance refunding a portion of Kenton County, Kentucky, Public Properties Corporation First Mortgage Revenue Bonds (Parking Facilities Project) 1996 Series A, to advance refund a portion of Kenton County, Kentucky, Public Properties Corporation First Mortgage Revenue Bonds (Park and Recreational Facilities Project) 1995 Series A, and to reimburse the county for funds used to repay amounts due and owing under a Lease Participation Agreement by and between the Kentucky Local Correctional Facilities Construction Authority and the County of Kenton, Kentucky, acting by and through its fiscal court dates as of October 15, 1984 as amended February 15, 1987 and amended on February 1, 1994 (“Collectively the Refunding”). The bonds were issued in denominations of \$5,000 each and integral multiples thereof.

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

**Note 5. Long-term Debt (Continued)**

**A. General Obligation Bonds, Series 2004B - Various Purposes (Continued)**

The bonds mature on December 1 of years 2006 through 2016, with interest of 2.0% to 4.0% payable on June 1 and December 1 of each year. Bonds outstanding on June 30, 2015 were \$2,610,000. The Bank of New York Trust Company, Cincinnati, Ohio is paying agent and bond registrar. Debt service requirements for future fiscal years are as follows:

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 1,280,000	\$ 78,800
2017	1,330,000	26,600
Totals	<u>\$ 2,610,000</u>	<u>\$ 105,400</u>

**B. Revenue Bonds, Series 2007 - Court Facilities Project**

The Kenton County Public Properties Corporation issued bonds dated February 1, 2008 in the amount of \$17,740,000. The proceeds from the sale of the bonds were used to advance refund the outstanding mortgage revenue bonds, series 1998A, of the corporation, dated June 1, 1998, which were issued to pay the costs of construction of the courthouse facilities project. The bonds mature on March 1 of years 2009 through 2029, with interest of 4.00% to 4.25% payable on March 1 and September 1 of each year. The bonds outstanding on June 30, 2015 were \$13,410,000. Debt service requirements for future fiscal years are as follows:

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 725,000	\$ 569,106
2017	750,000	539,200
2018	785,000	508,263
2019	820,000	475,881
2020	850,000	442,056
2021 - 2025	4,825,000	1,635,894
2026 - 2029	4,655,000	515,544
Totals	<u>\$ 13,410,000</u>	<u>\$ 4,685,944</u>



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

**Note 5. Long-term Debt (Continued)**

**C. General Obligation Bonds, Series 2009 - Detention Center**

The Kenton County Public Properties Corporation issued bonds dated May 1, 2009 in the amount of \$36,540,000. Proceeds from the sale of the bonds were used for the construction of a new detention facility. The bonds mature on April 1, with interest of 2.5% to 4.375% payable on April 1 and October 1 of each year. Bonds outstanding on June 30, 2015 were \$30,490,000. Debt service requirements for future fiscal years are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 1,100,000	\$ 1,298,225
2017	1,140,000	1,262,475
2018	1,175,000	1,222,575
2019	1,225,000	1,175,575
2020	1,275,000	1,126,575
2021 - 2025	7,180,000	4,825,875
2026 - 2030	8,805,000	3,196,825
2031 - 2034	8,590,000	1,015,650
Totals	<u>\$ 30,490,000</u>	<u>\$ 15,123,775</u>

**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	\$ 35,905,000	\$	\$ 2,805,000	\$ 33,100,000	\$ 2,380,000
Revenue Bonds	14,105,000		695,000	13,410,000	725,000
Total Long-term Debt	<u>\$ 50,010,000</u>	<u>\$ 0</u>	<u>\$ 3,500,000</u>	<u>\$ 46,510,000</u>	<u>\$ 3,105,000</u>

**Note 6. Commitments and Contingencies**

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

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

**Note 7. 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 (KRS). 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 \$2,310,601, FY 2014 was \$2,509,373, and FY 2015 was \$2,501,364.

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:

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

**Note 7. Employee Retirement System (Continued)**

**A. Plan Description (Continued)**

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

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
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, Kenton 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	\$ 7,623,000	\$ 6,826,000
Non-Hazardous	<u>12,272,000</u>	<u>10,845,000</u>
Totals	<u>\$ 19,895,000</u>	<u>\$ 17,671,000</u>

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

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

**Note 8. Deferred Compensation**

On February 24, 2000, the Kenton 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 permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

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

**Note 9. Self-Insurance**

Kenton County Fiscal Court elected to begin a self-funded liability, workers' compensation, and health insurance plan in April 1992. This self-funded plan covers all employees and county property. The county purchased a stop-loss insurance policy to cover losses from individual and aggregate claims once the county has reached the individual and aggregate attachment points. Employees are required to assume liability for claims in excess of maximum lifetime reimbursements established by the insurance company.

Kenton County Fiscal Court contracts with a third party administrator to administer the health insurance fund. This vendor administers the enrollment of eligible individuals, maintains records of plan coverage, adjudicates claims incurred by plan participants, and processes and issues claims checks, etc. Pharmaceutical benefits are administered by a different vendor.

Kenton County Fiscal Court contracts with an insurance company for property and casualty insurance. This insurance covers: real and personal property; automobile physical damage; business income and extra expense; property in transit; data processing media and system equipment; general liability and law enforcement liability; medical payments; good Samaritan; automobile liability; public officials liability; employer's liability; loss inside and outside the premises; forgery or alterations, and workers' compensation.

**Note 10. Conduit Debt**

From time to time the county has issued bonds to provide financial assistance for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Kenton County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement and an aggregate total could not be determined.

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

**Note 11. Subsequent Event - Indictment Of Former Golf Course Manager**

On June 1, 2016, the former Kenton County Golf Course Manager was arrested. On June 2, 2016, he was indicted for abuse of the public trust in excess of \$100,000, theft by deception of more than \$500, and first degree unlawful access to a computer.

**Note 12. Negative Fund Balance - Medical Self-Insurance Fund**

On June 30, 2015, the Kenton County Fiscal Court had a negative fund balance of \$6,453 in the medical self-insurance fund. The negative fund balance was eliminated in fiscal year 2016.

**Note 13. Prior Period Adjustment**

The prior period audit included cash from the police forfeiture federal fund and police forfeiture state fund twice. The result was the ending fund balance last year was overstated by \$102,410, requiring a restatement in the current year to the beginning fund balance.

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**KENTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

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





**KENTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 17,567,000	\$ 17,567,000	\$ 18,000,565	\$ 433,565
In Lieu Tax Payments	45,000	45,000	31,650	(13,350)
Excess Fees	2,914,000	2,914,000	3,488,742	574,742
Licenses and Permits	164,800	164,800	165,751	951
Intergovernmental	1,869,173	1,869,173	1,397,661	(471,512)
Charges for Services	1,539,000	1,539,000	1,446,261	(92,739)
Miscellaneous	3,331,735	3,331,735	3,304,975	(26,760)
Interest	40,000	40,000	38,036	(1,964)
Total Receipts	<u>27,470,708</u>	<u>27,470,708</u>	<u>27,873,641</u>	<u>402,933</u>
<b>DISBURSEMENTS</b>				
General Government	4,978,479	5,283,770	4,861,448	422,322
Protection to Persons and Property	2,836,701	2,959,059	2,663,922	295,137
General Health and Sanitation	1,895,383	1,899,827	1,169,838	729,989
Social Services	60,000	60,000	38,610	21,390
Recreation and Culture	631,250	641,590	545,246	96,344
Debt Service	2,909,325			
Capital Projects	129,000	325,325	93,398	231,927
Administration	15,808,465	15,169,707	5,086,657	10,083,050
Total Disbursements	<u>29,248,603</u>	<u>26,339,278</u>	<u>14,459,119</u>	<u>11,880,159</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,777,895)</u>	<u>1,131,430</u>	<u>13,414,522</u>	<u>12,283,092</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	250,000	250,000		(250,000)
Transfers To Other Funds	(9,850,000)	(12,759,325)	(9,505,707)	3,253,618
Total Other Adjustments to Cash (Uses)	<u>(9,600,000)</u>	<u>(12,509,325)</u>	<u>(9,505,707)</u>	<u>3,003,618</u>
Net Change in Fund Balance	(11,377,895)	(11,377,895)	3,908,815	15,286,710
Fund Balance Beginning	<u>11,377,895</u>	<u>11,377,895</u>	<u>13,904,833</u>	<u>2,526,938</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,813,648</u>	<u>\$ 17,813,648</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,325,000	\$ 1,325,000	\$ 1,381,193	\$ 56,193
Intergovernmental	6,127,984	6,127,984	1,339,133	(4,788,851)
Charges for Services	319,000	319,000	337,904	18,904
Miscellaneous	191,000	191,000	99,889	(91,111)
Interest			1,189	1,189
Total Receipts	<u>7,962,984</u>	<u>7,962,984</u>	<u>3,159,308</u>	<u>(4,803,676)</u>
<b>DISBURSEMENTS</b>				
Roads	7,822,800	8,129,145	1,935,939	6,193,206
Capital Projects	159,000	240,850	213,734	27,116
Road Facilities	1,133,200	1,150,115	920,167	229,948
Administration	2,213,533	1,808,423	844,784	963,639
Total Disbursements	<u>11,328,533</u>	<u>11,328,533</u>	<u>3,914,624</u>	<u>7,413,909</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,365,549)</u>	<u>(3,365,549)</u>	<u>(755,316)</u>	<u>2,610,233</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>2,000,000</u>	<u>2,000,000</u>	<u>734,142</u>	<u>(1,265,858)</u>
Total Other Adjustments to Cash (Uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>734,142</u>	<u>(1,265,858)</u>
Net Change in Fund Balance	(1,365,549)	(1,365,549)	(21,174)	1,344,375
Fund Balance Beginning	<u>1,365,549</u>	<u>1,365,549</u>	<u>1,366,207</u>	<u>658</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,345,033</u>	<u>\$ 1,345,033</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,971,000	\$ 2,971,000	\$ 3,438,431	\$ 467,431
Charges for Services	67,500	67,500	50,741	(16,759)
Miscellaneous	577,000	577,000	824,799	247,799
Interest			873	873
Total Receipts	<u>3,615,500</u>	<u>3,615,500</u>	<u>4,314,844</u>	<u>699,344</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	7,669,537	7,678,567	7,022,013	656,554
Capital Projects	14,500	17,176	3,870	13,306
Administration	4,014,146	4,002,440	2,949,316	1,053,124
Total Disbursements	<u>11,698,183</u>	<u>11,698,183</u>	<u>9,975,199</u>	<u>1,722,984</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(8,082,683)</u>	<u>(8,082,683)</u>	<u>(5,660,355)</u>	<u>2,422,328</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	7,500,000	7,500,000	5,612,240	(1,887,760)
Total Other Adjustments to Cash (Uses)	<u>7,500,000</u>	<u>7,500,000</u>	<u>5,612,240</u>	<u>(1,887,760)</u>
Net Change in Fund Balance	(582,683)	(582,683)	(48,115)	534,568
Fund Balance Beginning	<u>582,683</u>	<u>582,683</u>	<u>591,495</u>	<u>8,812</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 543,380</u>	<u>\$ 543,380</u>

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

	<b>LGEA Fund</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>	\$	\$	\$	\$
Total Receipts				
<b>DISBURSEMENTS</b>				
Roads	19,759	19,759	19,759	
Total Disbursements	19,759	19,759	19,759	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(19,759)	(19,759)	(19,759)	
Net Change in Fund Balance	(19,759)	(19,759)	(19,759)	
Fund Balance Beginning	19,759	19,759	19,759	
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

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

	<b>CDBG FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,939,638	\$ 1,939,638	\$ 985,857	\$ (953,781)
Total Receipts	<u>1,939,638</u>	<u>1,939,638</u>	<u>985,857</u>	<u>(953,781)</u>
<b>DISBURSEMENTS</b>				
General Government	2,039,638	2,039,638	1,088,793	950,845
Total Disbursements	<u>2,039,638</u>	<u>2,039,638</u>	<u>1,088,793</u>	<u>950,845</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(102,936)</u>	<u>(2,936)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	100,000	100,000		(100,000)
Total Other Adjustments to Cash (Uses)	<u>100,000</u>	<u>100,000</u>		<u>(100,000)</u>
Net Change in Fund Balance			(102,936)	(102,936)
Fund Balance Beginning			<u>102,936</u>	<u>102,936</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

	<b>GOLF FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 1,320,000	\$ 1,320,000	\$ 1,012,158	\$ (307,842)
Miscellaneous	1,266,000	1,266,000	1,018,599	(247,401)
Interest			129	129
Total Receipts	<u>2,586,000</u>	<u>2,586,000</u>	<u>2,030,886</u>	<u>(555,114)</u>
<b>DISBURSEMENTS</b>				
Recreation and Culture	2,119,270	2,149,043	1,879,897	269,146
Administration	513,865	484,092	307,601	176,491
Total Disbursements	<u>2,633,135</u>	<u>2,633,135</u>	<u>2,187,498</u>	<u>445,637</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(47,135)</u>	<u>(47,135)</u>	<u>(156,612)</u>	<u>(109,477)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	250,000	250,000	250,000	
Transfers To Other Funds	(250,000)	(250,000)		250,000
Total Other Adjustments to Cash (Uses)			<u>250,000</u>	<u>250,000</u>
Net Change in Fund Balance	(47,135)	(47,135)	93,388	140,523
Fund Balance Beginning	<u>47,135</u>	<u>47,135</u>	<u>121,062</u>	<u>73,927</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 214,450</u>	<u>\$ 214,450</u>

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

	<b>COLT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 12,379,000	\$ 12,379,000	\$ 11,529,770	\$ (849,230)
Intergovernmental	625,000	625,000	692,561	67,561
Miscellaneous	225,000	225,000	551,647	326,647
Interest			15,107	15,107
Total Receipts	<u>13,229,000</u>	<u>13,229,000</u>	<u>12,789,085</u>	<u>(439,915)</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	1,739,850	1,730,472	1,669,872	60,600
Social Services	747,300	762,881	691,234	71,647
Bus Services	8,717,736	9,110,236	8,911,504	198,732
Other Transportation Facilities and Services	1,536,630	168,750	168,750	
Administration	5,924,778	5,532,325		5,532,325
Total Disbursements	<u>18,666,294</u>	<u>17,304,664</u>	<u>11,441,360</u>	<u>5,863,304</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(5,437,294)</u>	<u>(4,075,664)</u>	<u>1,347,725</u>	<u>5,423,389</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds				
Transfers To Other Funds		(1,361,630)	(1,361,630)	
Total Other Adjustments to Cash (Uses)		<u>(1,361,630)</u>	<u>(1,361,630)</u>	
Net Change in Fund Balance	(5,437,294)	(5,437,294)	(13,905)	5,423,389
Fund Balance - Beginning	<u>5,437,294</u>	<u>5,437,294</u>	<u>5,700,846</u>	<u>263,552</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,686,941</u>	<u>\$ 5,686,941</u>

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

	<b>DISPATCH FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 450,000	\$ 450,000	\$ 442,724	\$ (7,276)
Charges for Services	2,586,000	2,586,000	2,633,284	47,284
Total Receipts	<u>3,036,000</u>	<u>3,036,000</u>	<u>3,076,008</u>	<u>40,008</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	5,412,208	5,412,208	3,489,840	1,922,368
Total Disbursements	<u>5,412,208</u>	<u>5,412,208</u>	<u>3,489,840</u>	<u>1,922,368</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,376,208)</u>	<u>(2,376,208)</u>	<u>(413,832)</u>	<u>1,962,376</u>
Net Change in Fund Balance	(2,376,208)	(2,376,208)	(413,832)	1,962,376
Fund Balance - Beginning	<u>2,376,208</u>	<u>2,376,208</u>	<u>2,592,958</u>	<u>216,750</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,179,126</u>	<u>\$ 2,179,126</u>



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

	<b>CAPITAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>	\$	\$	\$	\$
Total Receipts				
<b>DISBURSEMENTS</b>				
Administration	8,003,898	8,003,898		8,003,898
Total Disbursements	8,003,898	8,003,898		8,003,898
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(8,003,898)	(8,003,898)		8,003,898
Net Change in Fund Balance	(8,003,898)	(8,003,898)		8,003,898
Fund Balance - Beginning	8,003,898	8,003,898	8,003,898	
Fund Balance - Ending	\$ 0	\$ 0	\$ 8,003,898	\$ 8,003,898

**KENTON 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 Kenton 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.

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



**KENTON 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
Land and Land Improvements	\$ 17,282,153	\$ 209,000	\$	\$ 17,491,153
Construction In Progress	139,291	166,385	87,291	218,385
Buildings	114,988,226			114,988,226
Land and Building Improvements	7,029,683			7,029,683
Vehicles and Equipment	16,199,308	530,019	267,273	16,462,054
Infrastructure	13,754,417	129,654		13,884,071
	<u>\$ 169,393,078</u>	<u>\$ 1,035,058</u>	<u>\$ 354,564</u>	<u>\$ 170,073,572</u>
Total Capital Assets	<u>\$ 169,393,078</u>	<u>\$ 1,035,058</u>	<u>\$ 354,564</u>	<u>\$ 170,073,572</u>

**KENTON 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	\$ 25,000	10-60
Buildings and Building Improvements	\$ 50,000	10-75
Equipment	\$ 10,000	3-15
Vehicles	\$ 10,000	3-15
Infrastructure	\$ 25,000	10-50

**KENTON COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**





**KENTON COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Fiscal Year Ended June 30, 2015**

Federal Grantor CFDA #	Program Title	Pass-Through Grantor's Number	Expenditures
<u>U. S Department of Housing and Urban Development</u>			
<i>Passed-Through Kentucky Department for Local Government:</i>			
		13-063	
		12-079	
14.228	Community Development Block Grants/State's Program	12-056	** \$ 1,088,793
Total U.S. Department of Housing and Urban Development			<u>1,088,793</u>
<u>U.S. Department of Justice</u>			
<i>Passed-Through Kentucky Justice and Public Safety Cabinet:</i>			
		2012-DJ-BX-0429	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	2014-DJ-BX-0617	<u>57,521</u>
Total U.S. Department of Justice			<u>57,521</u>
<u>U. S. Department of Transportation</u>			
<i>Passed-Through State Transportation Cabinet:</i>			
20.205	Highway Planning and Construction	PO2-625-1400002177	133,108
20.600	State and Community Highway Safety	PO2-625-14000005111	<u>4,920</u>
Total U.S. Department of Transportation			<u>138,027</u>
<u>U.S. Secret Service</u>			
Direct Program:			
97.Unknown	Secret Service Task Force Forensic Equipment Assistance		<u>6,372</u>
Total U.S. Secret Service			<u>6,372</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed-Through Kentucky Division of Emergency Management:</i>			
		1912-0028	
		1912-0027	
97.039	Hazard Mitigation Grant Program	1855-0025	256,187
		1300006711	
97.042	Emergency Management Performance Grants	1300006712	<u>72,747</u>
Total U.S. Department of Homeland Security			<u>328,934</u>
Total Expenditures of Federal Awards			<u>\$ 1,619,648</u>

\*\* Tested as Major Program or Cluster

**KENTON COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Year Ended June 30, 2015**

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

Note 2. Determination of Major Program

A Type A program for the fiscal court is any program for which total expenditures of federal awards exceed \$300,000 for fiscal year 2015 or were deemed high risk. There was one Type A program and no Type B programs. The major program tested was:

- Community Development Block Grant/State's Program – CFDA #14.228

Note 3. Noncash Expenditures

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

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





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

The Honorable Kris Knochelmann, Kenton County Judge/Executive  
Members of the Kenton 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 Kenton County Fiscal Court for the fiscal year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Kenton County Fiscal Court's financial statement and have issued our report thereon dated November 17, 2016.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be material weaknesses and a deficiency that we consider to be a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, and 2015-004 to be material weaknesses.



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)

**Internal Control Over Financial Reporting (Continued)**

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-005 to be a significant deficiency.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Kenton 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-004, and 2015-006.

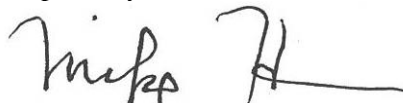
**County Judge/Executive's Responses to Findings**

The Kenton County Judge/Executive's responses to the findings identified in our audit are described in the accompanying comments and recommendations. The Kenton County Judge/Executive's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

**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,



Mike Harmon  
Auditor of Public Accounts

November 17, 2016

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







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

The Honorable Kris Knochelmann, Kenton County Judge/Executive  
Members of the Kenton County Fiscal Court

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

Independent Auditor's Report

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

We have audited the Kenton County Fiscal Court's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Kenton County Fiscal Court's major federal programs for the year ended June 30, 2015. The Kenton County Fiscal Court's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Kenton County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Kenton County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Kenton County Fiscal Court's compliance with those requirements.



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

### Opinion on Each Major Federal Program

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

### Report on Internal Control over Compliance

Management of the Kenton County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Kenton County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kenton County Fiscal Court's internal control over compliance.

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

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

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

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

November 17, 2016

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

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



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

**Fiscal Year Ended June 30, 2015**

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

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

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

Internal control over major programs:

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

Identification of major programs:

CFDA Numbers and Name of Federal Program or Cluster

CFDA #14.228 Community Development Block Grant/State's Program

Enter the dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Is the auditee qualified as a low-risk auditee?

Yes

No

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

**Section II: Findings - Financial Statement Audit**

2015-001 The Kenton County Golf Course Had Lax Internal Controls Which Increased Opportunities For Misappropriations Of Assets

---

There are internal control weaknesses at the Kenton County Golf Course which significantly increase the risk of fraud and misappropriation of funds, and decrease the assurance of accuracy of records provided.

This condition is a result of poorly designed policies and procedures, inconsistent, incomplete, and inaccurate implementation of controls as well as lack of segregation of duties of key processes. There are no written policies and procedures for significant golf course activities such as raincheck redemption, inventory counts, and refund approvals/authorizations. There is also a lack of management oversight and involvement.

The former golf course manager was able to override and bypass internal controls because the controls were weak, easily manipulated, and in some cases, nonexistent. He was able to alter accounting records provided to the county that hid cash shortages, initiate negative transactions for unauthorized refunds, use customer checks received from one day to replenish the shortages of another day, allow rainchecks to be used for store inventory, and have unrecorded golf course receipts and disbursements. It is not clear whether he identified the weaknesses already in existence when he began working as manager of the golf course in July 2012, or created these weaknesses by desegregating duties and/or circumventing and removing controls.

Good internal controls dictate that strong supervisor review and oversight can reduce the risk of misstatement and uncorrected errors. Because the Kenton County Golf Course had such significant internal control weaknesses, the county should implement improvements as soon as possible. The following recommendations are supplemented by additional recommendations presented throughout this report. The county should:

- Implement internal controls that ensure an adequate internal control structure, including management oversight, provides reasonable assurance that assets are safeguarded, transactions are processed in accordance with applicable laws and regulations, transactions are recorded, reconciled, processed, and summarized to permit the preparation of reliable financial data;
- Develop policies and procedures to address all significant functions of the Kenton County Golf Course;
- Segregate duties so that no one person can both create and conceal fraudulent activity or commit a material error that would go undetected;
- Structure the golf course accounting controls so that the manager does not post transactions, but instead serves as oversight and supervisory review of other staff in these duties;
- Implement sufficient supervisory review of key functions and activities, and ensure managers clearly understand their roles in the supervisory process. All supervisory reviews should be evidenced in writing; and
- Increase direct oversight of financial reporting for all receipts and disbursements.

*Kenton County Judge/Executive, Kris Knochelmann's Response: All internal controls, policies and procedures have been reviewed and all necessary changes implemented. These have been reviewed by an outside committee and the State Auditor's Office. On July 1, 2016, the County entered into a lease agreement with [a vendor] for the golf course property, equipment and improvements for a three year term with three annual renewal terms. [The vendor] assumed all operations and all financial risk of operations.*

Auditor's Reply: The Auditor of Public Accounts office would not be able to do a complete test of the newly implemented controls until the audit of Fiscal Year 2016. Auditors performed a review up to the report date and noted that many, but not all, of the newly implemented controls were adequately functioning as intended.

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

**Section II: Findings - Financial Statement Audit (Continued)**

2015-002 The Former Golf Course Manager Acted As IT Administrator Of The Kenton County Golf Course Accounting System

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The former golf course manager acted as the IT administrator for the accounting system, point of sale system, and had complete access to user information.

The former golf course manager set up all user IDs and passwords. Further, the former golf course manager denied access to the golf course's accounting system to other authorities such as the fiscal court and local CPAs performing annual audits. Additionally, he created timesheets for some of his employees, listing eight hours each day without lunch breaks. Lastly, he permitted the user ID used to log in to the cash register each morning to be used all day by anyone using that register.

This unfettered access resulted in transactions occurring after hours with user IDs belonging to employees who had already clocked out for that work day. Further, it allowed a supervisor to create timesheets that should have been created by each employee, reflecting actual time worked.

Good internal controls dictate that someone independent of collecting and recording cash be administrator for the accounting system.

We recommend the county ensure the golf course has segregation of duties, ensure staff sign out of a cash register when he or she is not using it and before clocking out, and require all user IDs and passwords be set up by the county's IT administrator. This function should not be under the control of the golf course manager.

*Kenton County Judge/Executive, Kris Knochelmann's Response: All internal controls, policies and procedures have been reviewed and all necessary changes implemented. These have been reviewed by an outside committee and the State Auditor's Office. On July 1, 2016, the County entered into a lease agreement with [a vendor] for the golf course property, equipment and improvements for a three year term with three annual renewal terms. [The vendor] assumed all operations and all financial risk of operations.*

Auditor's Reply: The Auditor of Public Accounts office would not be able to do a complete test of the newly implemented controls until the audit of Fiscal Year 2016. Auditors performed a review up to the report date and noted that many, but not all, of the newly implemented controls were adequately functioning as intended.

2015-003 The Kenton County Golf Course Did Not Have Adequate Controls Over Receipts And Reconciliations

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The Kenton County Golf Course did not comply with the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*.

- Receipt ledgers maintained at the golf course did not agree to the records provided to the county (cash shortages were omitted).
- There were undeposited receipts (cash shortages) in the amount of \$34,290 during Fiscal Year 2015. The county believes there were substantial undeposited receipts from July 2012 to October 2015. The county immediately contacted law enforcement and have cooperated fully in their investigation.
- Deposits were not made intact or on a timely basis.
- Supporting documentation for daily deposits was not organized or always available.
- Cash/check per deposit tickets did not always agree to cash/check per daily checkout sheets.

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

**Section II: Findings - Financial Statement Audit (Continued)**

2015-003 The Kenton County Golf Course Did Not Have Adequate Controls Over Receipts And Reconciliations (Continued)

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- Point of sale (POS) functions were not being utilized (cash drawers were not balanced with POS and deposits were not calculated with POS at the end of each day).
- There were no reconciliations of cash collections/deposit tickets to the point of sale totals.
- Restrictive endorsements were not immediately put on checks.
- The safe was left unlocked all day.
- Keys to cash drawers were left in the drawers at all times.
- Security cameras were not operable.
- Cash receipts from events were not always properly reported or posted to ledgers.
- There was a lack of adequate segregation of duties over receipts at the golf course.

This condition is due to poorly designed policies and procedures, inconsistent, incomplete, and inaccurate implementation of controls, and lack of management oversight/involvement.

Based on the minimum accounting and reporting standards as prescribed by the *County Budget Preparation and State Local Finance Officer Policy Manual* pursuant to KRS 68.210, the golf course should maintain daily checkout sheets and a receipts journal. At the end of each business day, receipts should be separated into categories listed on the checkout sheet. The total of each category should be entered in the appropriate space provided. The daily checkout total should equal the amount of money on hand at the end of each day, less startup cash. When total collections match the total cash on hand, receipts should be posted to the receipts journal on a daily basis. The total amount category should agree with the deposited amount on the daily checkout sheet, which should agree to the amount per the point of sale system. All collections should be in a secure location with access only allowed for pertinent individuals. Further, good internal controls dictate that the same person should not balance the receipts, prepare the deposits, make the deposits, and then verify/reconcile the deposits to the bank and accounting system.

The cumulative effect of the control weaknesses increases the risk of material misstatement caused by error or fraud and resulted in \$34,290 undeposited receipts. This risk results in the need to alert management of the necessity to improve controls over the financial activities of the Kenton County Golf Course.

We recommend the county ensure the following at the Kenton County Golf Course:

- Accurate accounting records should be maintained for all transactions processed at the golf course.
- All funds should be deposited intact on a daily basis. The amount deposited should agree with the corresponding day's checkout sheet and amounts per the point of sale system.
- Sufficient supporting documentation should be maintained for all transactions.
- Total cash/checks per deposit tickets should agree to total cash/checks per daily checkout sheets.
- Point of sale functions should be utilized in preparing daily checkout sheets and deposit tickets and in preparing reconciliations.
- Restrictive endorsements should be immediately put on checks.
- The safe should be locked at all times of the day.
- Keys to cash drawers should be in the care of a responsible supervisor or manager.
- Security cameras should be functioning properly and reviewed as needed.
- Receipts from all events should be properly reported and recorded.
- Appropriate segregation of duties should be implemented.



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

**Section II: Findings - Financial Statement Audit (Continued)**

2015-003 The Kenton County Golf Course Did Not Have Adequate Controls Over Receipts And Reconciliations (Continued)

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*Kenton County Judge/Executive, Kris Knochelmann's Response: All internal controls, policies and procedures have been reviewed and all necessary changes implemented. These have been reviewed by an outside committee and the State Auditor's Office. On July 1, 2016, the County entered into a lease agreement with [a vendor] for the golf course property, equipment and improvements for a three year term with three annual renewal terms. [The vendor] assumed all operations and all financial risk of operations.*

Auditor's Reply: The Auditor of Public Accounts office would not be able to do a complete test of the newly implemented controls until the audit of Fiscal Year 2016. Auditors performed a review up to the report date and noted that many, but not all, of the newly implemented controls were adequately functioning as intended.

2015-004 The Kenton County Golf Course Manager Overrode The County's Disbursements Policy

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It is the county's policy that all invoices should be timely remitted to, properly authorized, and paid by the county treasurer's office. Interviews and testing revealed that the former golf course manager did not abide by the county's purchasing policies and procedures.

Due to a lack of direct oversight and a lack of segregation of duties at the Kenton County Golf Course, the golf course manager remitted invoices to the county in an untimely manner, resulting in payments for goods or services not being made within 30 working days. He gave cash to employees working at the Kenton County Golf Course Grill when they needed to replenish inventory/food items and paid invoices for large outings by cash or cashier checks. Unauthorized non-check disbursements resulted in off-the-record disbursements and misstated financial statements.

KRS 68.275 states: "(1) [c]laims against the county that are within the amount of line items of the county budget and arise pursuant to contracts duly authorized by the fiscal court shall be paid by the county judge/executive by a warrant drawn on the county and co-signed by the county treasurer. (2) The county judge/executive shall present all claims to the fiscal court for review prior to payment and the court, for good cause shown, may order that a claim not be paid. (3) The fiscal court may adopt an order, called a standing order, to preapprove the payment of recurrent monthly payroll and utility expenses. No other expenses shall be preapproved pursuant to this subsection without the written consent of the state local finance officer. . . ."

The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, pursuant to KRS 68.210, requires all disbursements be made by check only.

KRS 65.140 states that all bills for goods or services shall be paid within 30 working days of receipt of a vendor's invoice. An interest penalty of one percent of any amount approved and unpaid shall be added to the amount approved for each month or fraction thereof after the 30 working days.

We recommend the county provide direct oversight and adequate segregation of duties at the Kenton County Golf Course in order to decrease the opportunity and ability of overriding controls over disbursements. We further recommend they ensure all invoices are paid timely, made by check, have proper authorization, and are properly recorded to the ledgers and financial statements.

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

**Section II: Findings - Financial Statement Audit (Continued)**

2015-004 The Kenton County Golf Course Manager Overrode The County's Disbursements Policy  
 (Continued)

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*Kenton County Judge/Executive, Kris Knochelmann's Response: All internal controls, policies and procedures have been reviewed and all necessary changes implemented. These have been reviewed by an outside committee and the State Auditor's Office. On July 1, 2016, the County entered into a lease agreement with [a vendor] for the golf course property, equipment and improvements for a three year term with three annual renewal terms. [The vendor] assumed all operations and all financial risk of operations.*

Auditor's Reply: The Auditor of Public Accounts office would not be able to do a complete test of the newly implemented controls until the audit of Fiscal Year 2016. Auditors performed a review up to the report date and noted that many, but not all, of the newly implemented controls were adequately functioning as intended.

2015-005 The Kenton County Golf Course Did Not Have Adequate Controls Over Rainchecks And Gift Cards

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The Kenton County Golf Course issues rainchecks to golfers who are unable to finish golfing due to rain delays. Golfers are able to redeem rainchecks only for playing time lost and for golf cart rentals. We noted that rainchecks were redeemed for things other than lost playing time and golf cart rentals.

The Kenton County Golf Course did not have adequate controls over the issuance and redemption of rainchecks. There was not a senior employee responsible for authorizing the issuance or redemption of rainchecks, and no one was comparing rainchecks issued versus rainchecks redeemed. There was no written policy over the issuance and redemption of rainchecks. Also, the raincheck redemption function in the point of sale accounting software used by the golf course was not being utilized.

Good internal controls dictate that strong controls be in place for items such as rainchecks that could be substituted for cash in the accounting system.

The lack of controls led to the following issues:

- Rainchecks were redeemed for purchases at the Kenton County Golf Course store (which increased the former golf course manager's commissions from the sale of inventory);
- Total rainchecks issued from 2009 through the end of Fiscal Year 2015 was \$141,193, while total rainchecks redeemed during Fiscal Year 2015 alone was \$130,776; and
- Several days there were multiple high-dollar rainchecks redeemed after the Kenton County Golf Course was closed.

We recommend the Kenton County Golf Course implement strong controls over the issuance and redemption of rainchecks. These should include strong oversight and authorization procedures. The policies they decide to put in place should be in writing and communicated to all golf course employees.

*Kenton County Judge/Executive, Kris Knochelmann's Response: All internal controls, policies and procedures have been reviewed and all necessary changes implemented. These have been reviewed by an outside committee and the State Auditor's Office. On July 1, 2016, the County entered into a lease agreement with [a vendor] for the golf course property, equipment and improvements for a three year term with three annual renewal terms. [The vendor] assumed all operations and all financial risk of operations.*

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

**Section II: Findings - Financial Statement Audit (Continued)**

2015-005 The Kenton County Golf Course Did Not Have Adequate Controls Over Rainchecks And Gift Cards (Continued)

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Auditor's Reply: The Auditor of Public Accounts office would not be able to do a complete test of the newly implemented controls until the audit of Fiscal Year 2016. Auditors performed a review up to the report date and noted that many, but not all, of the newly implemented controls were adequately functioning as intended.

2015-006 The County Did Not Have A Written Agreement To Protect Deposits

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The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2015, the county had bank deposits of \$37,040,809; FDIC insurance of \$250,000; and collateral pledged or provided of \$39,166,230.

Even though the county obtained sufficient collateral, the pledge or provision of collateral was not approved by the board of directors of the depository institution or its loan committee, and there was no written agreement between the county and the depository institution, signed by both parties, securing the county's interest in the collateral.

According to 12 U.S.C.A. §1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (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.

The county failed to obtain a signed agreement after switching depository institutions. In the event of a depository institution failure, the county's deposits may not be returned.

We recommend the county enter into a written agreement with the depository institution to secure the county's interest in the collateral pledged or provided by the depository institution. The agreement should meet the requirements of 12 U.S.C.A. §1823(e).

*Kenton County Judge/Executive, Kris Knochelmann's Response: As stated, the County's bank deposits of \$37,040,809 were collateral pledged in the amount of \$39,166,230. The County is obtaining a formal written agreement with the depository institution. The agreement will be in compliance with 12 U.S.C.A. §1823(e).*

**Section III: Findings And Questioned Costs - Major Federal Awards Program Audit**

None noted.

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

None noted.

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

**KENTON COUNTY FISCAL COURT**

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



CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
KENTON COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

The Kenton 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

