

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

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



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY
AUDIT OF THE
PENDLETON COUNTY FISCAL COURT

June 30, 2015

The Auditor of Public Accounts has completed the audit of the Pendleton 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 Pendleton County Fiscal Court.

Financial Condition:

The Pendleton County Fiscal Court had total receipts of \$6,166,791 and disbursements of \$7,103,531 in fiscal year 2015. This resulted in a total ending fund balance of \$2,361,116, which is a decrease of \$936,740 from the prior year.

Deposits:

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

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MIKE HARMON
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To the People of Kentucky

Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable David Fields, Pendleton County Judge/Executive
Honorable Henry Bertram, Former Pendleton County Judge/Executive
Members of the Pendleton 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 Pendleton County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Pendleton 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.



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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 Pendleton 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 Pendleton 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 Pendleton 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 Pendleton County Fiscal Court. The budgetary comparison schedules and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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Other Matters (Continued)

Supplementary Information (Continued)

The accompanying budgetary comparison schedules and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and capital asset schedule are fairly stated in all material respects in relation to the financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

June 17, 2016

PENDLETON COUNTY OFFICIALS

For The Year Ended June 30, 2015

Fiscal Court Members:

David Fields	County Judge/Executive
Henry W. Bertram	Former County Judge/Executive
Bobby Fogle	Magistrate
Gary Veirs	Magistrate
Alan Whaley	Magistrate
Rick Mineer	Magistrate

Other Elected Officials:

Jeff Dean	County Attorney
Ken Kells	Jailer
Rita Spencer	County Clerk
Mike Redden	Circuit Court Clerk
Craig Peoples	Sheriff
John Steele	Property Valuation Administrator
John Peoples	Coroner

Appointed Personnel:

Vicky King	County Treasurer
Jenny Schlueter	Chief Financial Officer
Marianne Roseberry	Administrative Assistant

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

For The Year Ended June 30, 2015

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

For The Year Ended June 30, 2015

	Budgeted Funds			Local Government Economic Assistance Fund
	General Fund	Road Fund	Jail Fund	
RECEIPTS				
Taxes	\$ 1,587,944	\$	\$	\$
Excess Fees	124,160			
Licenses and Permits	39,735			
Intergovernmental	892,892	1,439,634	104,709	64,100
Charges for Services	470,857			
Miscellaneous	76,387	90,425	4,128	9,569
Interest	2,035	826	56	1,067
Total Receipts	<u>3,194,010</u>	<u>1,530,885</u>	<u>108,893</u>	<u>74,736</u>
DISBURSEMENTS				
General Government	936,670			36,750
Protection to Persons and Property	245,739		443,152	190,773
General Health and Sanitation	900,875			729
Social Services	16,700			
Recreation and Culture	53,520			
Airports	12,400			
Road Facilities	32,500			
Roads		1,666,098		
Debt Service	8,556			29,580
Capital Projects	595			14,994
Administration	766,937	205,484	46,179	
Total Disbursements	<u>2,974,492</u>	<u>1,871,582</u>	<u>489,331</u>	<u>272,826</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>219,518</u>	<u>(340,697)</u>	<u>(380,438)</u>	<u>(198,090)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			384,000	
Transfers To Other Funds	(654,000)			
Total Other Adjustments to Cash (Uses)	<u>(654,000)</u>		<u>384,000</u>	
Net Change in Fund Balance	(434,482)	(340,697)	3,562	(198,090)
Fund Balance - Beginning (Restated)	1,464,887	657,963	25,832	968,192
Fund Balance - Ending	<u>\$ 1,030,405</u>	<u>\$ 317,266</u>	<u>\$ 29,394</u>	<u>\$ 770,102</u>
Composition of Fund Balance				
Bank Balance	\$ 1,078,850	\$ 320,429	\$ 30,177	\$ 406,766
Less: Outstanding Checks	(48,445)	(3,163)	(783)	(1,608)
Certificates of Deposit				364,944
Fund Balance - Ending	<u>\$ 1,030,405</u>	<u>\$ 317,266</u>	<u>\$ 29,394</u>	<u>\$ 770,102</u>

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

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

<u>Budgeted Funds</u>			<u>Unbudgeted Fund</u>	
<u>911 Fund</u>	<u>Mental Health Fund</u>	<u>Education Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
\$ 99,065	\$ 183,716	\$	\$	\$ 1,870,725
	1,730			124,160
103,759			846,600	41,465
		11,741		3,451,694
11,333				482,598
54	257	12		191,842
<u>214,211</u>	<u>185,703</u>	<u>11,753</u>	<u>846,600</u>	<u>6,166,791</u>
				973,420
350,303				1,229,967
	160,924	11,538		1,074,066
				16,700
				53,520
				12,400
				32,500
				1,666,098
			846,600	884,736
				15,589
125,935				1,144,535
<u>476,238</u>	<u>160,924</u>	<u>11,538</u>	<u>846,600</u>	<u>7,103,531</u>
<u>(262,027)</u>	<u>24,779</u>	<u>215</u>		<u>(936,740)</u>
270,000				654,000
<u>270,000</u>				<u>(654,000)</u>
7,973	24,779	215		(936,740)
21,608	151,887	7,487		3,297,856
<u>\$ 29,581</u>	<u>\$ 176,666</u>	<u>\$ 7,702</u>	<u>\$ 0</u>	<u>\$ 2,361,116</u>
\$ 31,736	\$ 176,666	\$ 7,702	\$	\$ 2,052,326
(2,155)				(56,154)
				364,944
<u>\$ 29,581</u>	<u>\$ 176,666</u>	<u>\$ 7,702</u>	<u>\$ 0</u>	<u>\$ 2,361,116</u>

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

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PENDLETON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2015

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

PENDLETON 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 pay for the housing of county inmates at Boone County Corrections Facility. 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 - This fund is sourced primarily from minerals/severance tax and with an occasional state grant. The funds are restricted for use for protection to persons and property.

Emergency 911 Fund - This fund is used to maintain the county emergency 911 center. The primary source of receipts is the 911 fees charged land line phone bills. The other sources of receipts are CMRS monies from state cell phones and transfers from the general fund.

Mental Health Fund - This fund is used to pay for mental and health issues of county residents in care of North Key Community Care located in Covington, Kentucky. The primary source of receipts is from the mental health tax collected on the property tax bills.

Education Fund - This fund represents funding previously handled by the Pendleton County 109 Board. The 109 Board now acts in an advisory capacity with regard to funds distributed from the education fund. All receipts and disbursements of the education fund are now handled by the fiscal court in a manner similar to other operating funds of the county.

Unbudgeted Fund

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds of the 2008 bond issuance and the construction of a justice center. Upon completion of the justice center, the primary purpose of this fund shifted to accounting for debt service payments through the life of the bonded indebtedness.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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. Pendleton County Elected Officials

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

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

F. Deposits and Investments

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

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

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.

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

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

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

	General Fund	Total Transfers In
Jail Fund	\$ 384,000	\$ 384,000
911 Fund	270,000	270,000
Total Transfers Out	<u>\$ 654,000</u>	<u>\$ 654,000</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. Note Receivable

On April 3, 1997, Pendleton County Fiscal Court entered into a twenty-year agreement with the Pendleton County Water District to sublease a 3,700 square foot commercial office building and land. Interest is paid to the county on a monthly basis and a principal payment is made annually to the county until the termination of the agreement in fiscal year ending June 30, 2017, as shown in the following table.

Fiscal Year Ending June 30	Principal	Interest & Fees
2016	\$ 8,000	\$ 428
2017	10,000	198
Totals	<u>\$ 18,000</u>	<u>\$ 626</u>

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

Note 5. Long-Term Debt

A. Financing Obligation – Water District

On April 3, 1997, Pendleton County entered into a twenty-year agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) for the financing and purchase of a 3,700 square foot commercial office building and land for the Pendleton County Water District. Interest is paid on a monthly basis, and a principal payment is made annually until termination of the lease in fiscal year ending June 30, 2017, as shown in the following table.

Fiscal Year Ending June 30	Principal	Interest & Fees
2016	\$ 8,000	\$ 428
2017	10,000	198
Totals	<u>\$ 18,000</u>	<u>\$ 626</u>

B. First Mortgage Revenue Bonds, Series 2008

On January 1, 2008, the Pendleton County Public Properties Corporation issued \$11,775,000 in First Mortgage Revenue Bonds, Series 2008 for the purpose of paying the costs for construction of court facilities. The Series 2008 bonds mature on December 1, 2007 bearing interest payable semi-annually on each June 1 and December 1. The following table summarizes future payment requirements.

Fiscal Year Ending June 30	Principal	Interest
2016	\$ 520,000	\$ 326,550
2017	540,000	308,000
2018	560,000	288,050
2019	580,000	266,675
2020	605,000	243,700
2021-2025	3,400,000	828,800
2026-2028	<u>2,390,000</u>	<u>146,000</u>
Totals	<u>\$ 8,595,000</u>	<u>\$ 2,407,775</u>

C. 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
Revenue Bonds	\$ 9,095,000	\$	\$ 500,000	\$ 8,595,000	\$ 520,000
Financing Obligations	26,000		8,000	18,000	8,000
Total Long-term Debt	<u>\$ 9,121,000</u>	<u>\$ 0</u>	<u>\$ 508,000</u>	<u>\$ 8,613,000</u>	<u>\$ 528,000</u>

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

Note 6. 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 \$394,999, FY 2014 was \$407,108, and FY 2015 was \$377,444.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

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

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

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

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

Note 6. Employee Retirement System (Continued)

A. Plan Description (Continued)

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

B. Net Pension Liability

As promulgated by GASB Statement No. 68 the total pension liability for CERS was determined by an actuarial valuation as of June 30, 2014. The total net pension liability for all employers participating in CERS was determined by an actuarial valuation as of June 30, 2014, measured as of the same date and is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000 as of June 30, 2014. Based on these requirements, Pendleton 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	\$ 845,000	\$ 757,000
Non-Hazardous	<u>2,402,000</u>	<u>2,123,000</u>
Totals	<u>\$ 3,247,000</u>	<u>\$ 2,880,000</u>

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

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

Note 7. Deferred Compensation

Pendleton County Fiscal Court allows 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 8. Health Reimbursement Account

Pendleton County Fiscal Court established a Health Reimbursement Account on November 8, 2011 to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$500 each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction. This account consists of funds obtained from transfers from general, road, jail, and emergency 911 funds. The beginning balance in the account was \$52,497. Receipts during the year totaled \$29,715 which included interest of \$72. Disbursements totaled \$33,309, leaving a balance of \$48,903 as of June 30, 2015.

Note 9. Insurance

For the fiscal year ended June 30, 2015, Pendleton County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 10. Prior Period Adjustments

Prior year ending fund balances were adjusted for prior year voided checks. The adjustments to prior year fund balances are as follows: jail fund increased by \$77, and the education fund increased by \$1,501.

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

Note 11. Self-Insurance

The Pendleton County Fiscal Court elected to participate in a partially self-funded health care plan to cover all employees. The county signed an interlocal agreement with the Northern Kentucky Public Entity Joint Health Insurance Board to administer the health insurance program. The agreement allows for one appointed member of the county and one vote on all matters. The county submits monthly installments due on the first of each month based on their number of participants and types of coverage determined by a pre-set monthly premium rate. To the extent that additional funds are necessary, the board will determine the assessment of these costs to each entity.

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

For The Year Ended June 30, 2015

PENDLETON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,342,200	\$ 1,342,200	\$ 1,587,944	\$ 245,744
Excess Fees	100,989	100,989	124,160	23,171
Licenses and Permits	55,500	55,500	39,735	(15,765)
Intergovernmental	893,200	893,200	892,892	(308)
Charges for Services	457,600	457,600	470,857	13,257
Miscellaneous	29,457	29,457	76,387	46,930
Interest	3,000	3,000	2,035	(965)
Total Receipts	<u>2,881,946</u>	<u>2,881,946</u>	<u>3,194,010</u>	<u>312,064</u>
DISBURSEMENTS				
General Government	935,970	1,044,069	936,670	107,399
Protection to Persons and Property	251,875	251,875	245,739	6,136
General Health and Sanitation	871,625	933,574	900,875	32,699
Social Services	42,500	42,500	16,700	25,800
Recreation and Culture	71,300	78,039	53,520	24,519
Airports	20,000	20,000	12,400	7,600
Road Facilities		32,500	32,500	
Debt Service	8,557	8,557	8,556	1
Capital Projects	10,800	10,800	595	10,205
Administration	1,478,895	1,269,608	766,937	502,671
Total Disbursements	<u>3,691,522</u>	<u>3,691,522</u>	<u>2,974,492</u>	<u>717,030</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(809,576)</u>	<u>(809,576)</u>	<u>219,518</u>	<u>1,029,094</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(682,794)</u>	<u>(682,794)</u>	<u>(654,000)</u>	<u>28,794</u>
Total Other Adjustments to Cash (Uses)	<u>(682,794)</u>	<u>(682,794)</u>	<u>(654,000)</u>	<u>28,794</u>
Net Change in Fund Balance	(1,492,370)	(1,492,370)	(434,482)	1,057,888
Fund Balance Beginning	<u>1,492,370</u>	<u>1,492,370</u>	<u>1,464,887</u>	<u>(27,483)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,030,405</u>	<u>\$ 1,030,405</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,739,219	\$ 1,739,219	\$ 1,439,634	\$ (299,585)
Miscellaneous	16,500	16,500	90,425	73,925
Interest	1,000	1,000	826	(174)
Total Receipts	<u>1,756,719</u>	<u>1,756,719</u>	<u>1,530,885</u>	<u>(225,834)</u>
DISBURSEMENTS				
Roads	2,132,569	2,124,389	1,666,098	458,291
Capital Projects	12,000	12,000		12,000
Administration	212,150	220,330	205,484	14,846
Total Disbursements	<u>2,356,719</u>	<u>2,356,719</u>	<u>1,871,582</u>	<u>485,137</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>(340,697)</u>	<u>259,303</u>
Net Change in Fund Balance	(600,000)	(600,000)	(340,697)	259,303
Fund Balance Beginning	<u>600,000</u>	<u>600,000</u>	<u>657,963</u>	<u>57,963</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 317,266</u>	<u>\$ 317,266</u>

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

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 110,600	\$ 110,600	\$ 104,709	\$ (5,891)
Miscellaneous	1,000	1,000	4,128	3,128
Interest	100	100	56	(44)
Total Receipts	<u>111,700</u>	<u>111,700</u>	<u>108,893</u>	<u>(2,807)</u>
DISBURSEMENTS				
Protection to Persons and Property	494,890	504,816	443,152	61,664
Administration	70,914	60,988	46,179	14,809
Total Disbursements	<u>565,804</u>	<u>565,804</u>	<u>489,331</u>	<u>76,473</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(454,104)</u>	<u>(454,104)</u>	<u>(380,438)</u>	<u>73,666</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	429,104	429,104	384,000	(45,104)
Total Other Adjustments to Cash (Uses)	<u>429,104</u>	<u>429,104</u>	<u>384,000</u>	<u>(45,104)</u>
Net Change in Fund Balance	(25,000)	(25,000)	3,562	28,562
Fund Balance Beginning (Restated)	<u>25,000</u>	<u>25,000</u>	<u>25,832</u>	<u>832</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,394</u>	<u>\$ 29,394</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 804,179	\$ 804,179	\$ 64,100	\$ (740,079)
Miscellaneous	4,000	4,000	9,569	5,569
Interest	1,200	1,200	1,067	(133)
Total Receipts	<u>809,379</u>	<u>809,379</u>	<u>74,736</u>	<u>(734,643)</u>
DISBURSEMENTS				
General Government	43,000	43,000	36,750	6,250
Protection to Persons and Property	183,590	202,500	190,773	11,727
Social Services	2,000	2,000	729	1,271
Roads	100,000	100,000		100,000
Capital Projects	620,000	620,000	29,580	590,420
Administration	510,789	491,879	14,994	476,885
Total Disbursements	<u>1,459,379</u>	<u>1,459,379</u>	<u>272,826</u>	<u>1,186,553</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(650,000)</u>	<u>(650,000)</u>	<u>(198,090)</u>	<u>451,910</u>
Net Change in Fund Balance	(650,000)	(650,000)	(198,090)	451,910
Fund Balance Beginning	<u>650,000</u>	<u>650,000</u>	<u>968,192</u>	<u>318,192</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 770,102</u>	<u>\$ 770,102</u>

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

911 FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 100,000	\$ 100,000	\$ 99,065	\$ (935)
Intergovernmental	100,000	189,217	103,759	(85,458)
Miscellaneous	150	150	11,333	11,183
Interest	100	100	54	(46)
Total Receipts	<u>200,250</u>	<u>289,467</u>	<u>214,211</u>	<u>(75,256)</u>
DISBURSEMENTS				
Protection to Persons and Property	329,140	419,257	350,303	68,954
Administration	144,800	143,900	125,935	17,965
Total Disbursements	<u>473,940</u>	<u>563,157</u>	<u>476,238</u>	<u>86,919</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(273,690)</u>	<u>(273,690)</u>	<u>(262,027)</u>	<u>11,663</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>253,690</u>	<u>253,690</u>	<u>270,000</u>	<u>16,310</u>
Total Other Adjustments to Cash (Uses)	<u>253,690</u>	<u>253,690</u>	<u>270,000</u>	<u>16,310</u>
Net Change in Fund Balance	(20,000)	(20,000)	7,973	27,973
Fund Balance Beginning	<u>20,000</u>	<u>20,000</u>	<u>21,608</u>	<u>1,608</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,581</u>	<u>\$ 29,581</u>

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

MENTAL HEALTH FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 162,200	\$ 162,200	\$ 183,716	\$ 21,516
Licenses and Permits	1,750	1,750	1,730	(20)
Interest	250	250	257	7
Total Receipts	<u>164,200</u>	<u>164,200</u>	<u>185,703</u>	<u>21,503</u>
DISBURSEMENTS				
General Health and Sanitation	<u>304,200</u>	<u>304,200</u>	<u>160,924</u>	<u>143,276</u>
Total Disbursements	<u>304,200</u>	<u>304,200</u>	<u>160,924</u>	<u>143,276</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(140,000)</u>	<u>(140,000)</u>	<u>24,779</u>	<u>164,779</u>
Net Change in Fund Balance	(140,000)	(140,000)	24,779	164,779
Fund Balance Beginning	<u>140,000</u>	<u>140,000</u>	<u>151,887</u>	<u>11,887</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,666</u>	<u>\$ 176,666</u>

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

EDUCATION FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 14,000	\$ 14,000	\$ 11,741	\$ (2,259)
Interest	20	20	12	(8)
Total Receipts	<u>14,020</u>	<u>14,020</u>	<u>11,753</u>	<u>(2,267)</u>
DISBURSEMENTS				
General Health and Sanitation	<u>23,020</u>	<u>23,020</u>	<u>11,538</u>	<u>11,482</u>
Total Disbursements	<u>23,020</u>	<u>23,020</u>	<u>11,538</u>	<u>11,482</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(9,000)</u>	<u>(9,000)</u>	<u>215</u>	<u>9,215</u>
Net Change in Fund Balance	(9,000)	(9,000)	215	9,215
Fund Balance Beginning (Restated)	<u>9,000</u>	<u>9,000</u>	<u>7,487</u>	<u>(1,513)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,702</u>	<u>\$ 7,702</u>

PENDLETON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2015

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

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

**PENDLETON COUNTY
SUPPLEMENTARY SCHEDULE
Supplementary Information - Regulatory Basis**

For The Year Ended June 30, 2015

PENDLETON 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	\$ 402,465	\$	\$	\$ 402,465
Buildings and Building Improvements	12,352,895			12,352,895
Vehicles and Equipment	1,340,042	95,000	159,779	1,275,263
Other Equipment	1,436,415		102,500	1,333,915
Infrastructure	5,518,860	545,611		6,064,471
Total Capital Assets	\$ 21,050,677	\$ 640,611	\$ 262,279	\$21,429,009

PENDLETON 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	\$ 1	N/A
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 1,000	3-25
Vehicles	\$ 1,000	3-5
Infrastructure	\$ 20,000	10-50

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



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable David Fields, Pendleton County Judge/Executive
The Honorable Henry Bertram, Former Pendleton County Judge/Executive
Members of the Pendleton 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 Pendleton County Fiscal Court for the fiscal year ended June 30, 2015 and the related notes to the financial statement which collectively comprise the Pendleton County Fiscal Court's financial statement and have issued our report thereon dated June 17, 2016.

Internal Control Over Financial Reporting

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

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

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



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

Compliance And Other Matters

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

Purpose of this Report

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

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

June 17, 2016

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
PENDLETON COUNTY FISCAL COURT**

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

Appendix A

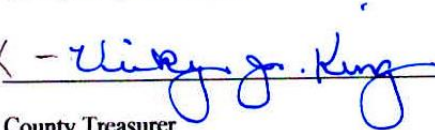
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
PENDLETON COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

The Pendleton 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.

X -  _____

County Judge/Executive

X -  _____

County Treasurer

