

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

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

ROSS & COMPANY, PLLC
Certified Public Accountants

**800 Envoy Circle
Louisville, KY 40299
Telephone (502) 499-9088
Facsimile (502) 499-9132**

www.rosscpas.com

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
JESSAMINE COUNTY FISCAL COURT

June 30, 2015

Ross & Company, PLLC has completed the audit of the Jessamine 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 Jessamine County, Kentucky. In accordance with OMB Circular A-133, we have issued an unmodified opinion on the compliance requirements that are applicable to Jessamine County's major federal program: Genset Revolution Project (CFDA #20.205).

Financial Condition:

The Jessamine County Fiscal Court had total receipts of \$19,628,881, total disbursements of \$19,363,827 in fiscal year 2015. This resulted in a total ending fund balance of \$4,650,908, which is an increase of \$493,279 from the prior year.

Deposits:

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

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT.....	1
JESSAMINE COUNTY OFFICIALS	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES- REGULATORY BASIS	6
NOTES TO FINANCIAL STATEMENTS.....	9
BUDGETARY COMPARISON SCHEDULES	21
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES	26
SCHEDULE OF CAPITAL ASSETS.....	28
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION -SCHEDULE OF CAPTIAL ASSETS	29
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	31
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	32
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	34
REPORT ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	37
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	40
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

ROSS & COMPANY, PLLC
Certified Public Accountants
800 Envoy Circle
Louisville, KY 40299
Telephone (502) 499-9088
Facsimile (502) 499-9132
www.rosscpas.com

To the People of Kentucky
Honorable Matt Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine 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 Jessamine County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Jessamine County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

To the People of Kentucky
Honorable Matt Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Jessamine County, Kentucky 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 cash and cash equivalents of Jessamine County, Kentucky as of June 30, 2015, and its cash receipts and disbursements, for the year then ended, in accordance with the financial reporting provisions prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Jessamine County Fiscal Court. The budgetary comparison schedules, capital asset schedule, and the Schedule of Expenditure 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.

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.

To the People of Kentucky
Honorable Matt Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2016 on our consideration of Jessamine County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and in considering Jessamine County, Kentucky's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ross & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Ross & Company, PLLC
Louisville, Kentucky

February 12, 2016

JESSAMINE COUNTY OFFICIALS

For The Year Ended June 30, 2015

Fiscal Court Members:

David West	County Judge/Executive
Burch Hager	Magistrate
April Rose Prather	Magistrate
Terry Meckstroth	Magistrate
Tim Vaughan	Magistrate
Gary Morgan	Magistrate
Justin Ray	Magistrate

Other Elected Officials:

Brain Goettl	County Attorney
Jon Sallee	Jailer
Johnny Collier	County Clerk
Doug Fain	Circuit Court Clerk
Kevin Corman	Sheriff
Brad Freeman	Property Valuation Administrator
Michael Hughes	Coroner

Appointed Personnel:

Tami East	County Treasurer
Kelley Woolums	Deputy Judge Executive

**JESSAMINE COUNTY FISCAL COURT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES AND CASH EQUIVALENTS - REGULATORY BASIS**

For The Year Ended June 30, 2015

JESSAMINE COUNTY FISCAL COURT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES- REGULATORY BASIS

For The Year Ended June 30, 2015

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 10,150,370	\$	\$
Excess Fees	901,507		
Licenses and Permits	142,045		
Intergovernmental	2,195,381	1,125,132	700,501
Charges for Services	320,361		63,563
Miscellaneous	1,060,940	307	113,428
Interest	4,055	233	30
Total Receipts	<u>14,774,659</u>	<u>1,125,672</u>	<u>877,522</u>
DISBURSEMENTS			
General Government	4,977,322		
Protection to Persons and Property	485,109		2,162,021
General Health and Sanitation	1,068,473		
Social Services	200,214		
Recreation and Culture	912,589		
Roads		522,874	
Other Transportation Facilities and Services	130,660		
Debt Service	239,904		
Capital Projects	437,063	1,065	
Administration	3,930,764	89,832	293,186
Total Disbursements	<u>12,382,098</u>	<u>613,771</u>	<u>2,455,207</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,392,561</u>	<u>511,901</u>	<u>(1,577,685)</u>
Other Adjustments to Cash (Uses)			
Borrowed Monies	228,225		
Transfers From Other Funds	745,070	625,000	1,600,000
Transfers To Other Funds	(3,350,000)	(625,000)	
Total Other Adjustments to Cash (Uses)	<u>(2,376,705)</u>	<u></u>	<u>1,600,000</u>
Net Change in Fund Balance	15,856	511,901	22,315
Fund Balance - Beginning	3,762,516	40,927	27,180
Fund Balance - Ending	<u>\$ 3,778,372</u>	<u>\$ 552,828</u>	<u>\$ 49,495</u>
Composition of Fund Balance			
Bank Balance	\$ 865,893	\$ 554,168	\$ 118,926
Plus: Deposits In Transit			
Less: Outstanding Checks	(85,685)	(1,340)	(69,431)
Certificate of Deposits	2,998,164		
Fund Balance - Ending	<u>\$ 3,778,372</u>	<u>\$ 552,828</u>	<u>\$ 49,495</u>

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

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

Budgeted Funds		Unbudgeted Funds			Internal Service Fund
Local Government Economic Assistance Fund	Emergency Services Fund	AOC Escrow	Jail Commissary Fund	Total Funds	Health Insurance Fund
\$	\$ 400,931	\$	\$	\$ 10,551,301	\$
				901,507	
				142,045	
128,033	230,785	112,600		4,492,432	
	1,837,562			2,221,486	
	3,289		137,692	1,315,656	1,887,743
72	63	1		4,454	
<u>128,105</u>	<u>2,472,630</u>	<u>112,601</u>	<u>137,692</u>	<u>19,628,881</u>	<u>1,887,743</u>
55,000				5,032,322	1,366,604
	2,807,134			5,454,264	
				1,068,473	
				200,214	
72,885			141,371	1,126,845	
				522,874	
				130,660	
		111,946		351,850	
				438,128	
	724,415			5,038,197	521,058
<u>127,885</u>	<u>3,531,549</u>	<u>111,946</u>	<u>141,371</u>	<u>19,363,827</u>	<u>1,887,662</u>
220	(1,058,919)	655	(3,679)	265,054	81
				228,225	
50,000	1,075,000			4,095,070	
(100,000)	(20,070)			(4,095,070)	
(50,000)	1,054,930			228,225	
(49,780)	(3,989)	655	(3,679)	493,279	81
111,622	81,863	61,598	71,923	4,157,629	
<u>\$ 61,842</u>	<u>\$ 77,874</u>	<u>\$ 62,253</u>	<u>\$ 68,244</u>	<u>\$ 4,650,908</u>	<u>\$ 81</u>
\$ 61,842	\$ 87,850	\$ 62,253	\$ 68,369	\$ 1,819,301	\$ 64,818
					22,761
	(9,976)		(125)	(166,557)	(87,498)
				2,998,164	
<u>\$ 61,842</u>	<u>\$ 77,874</u>	<u>\$ 62,253</u>	<u>\$ 68,244</u>	<u>\$ 4,650,908</u>	<u>\$ 81</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....9

NOTE 2. DEPOSITS 12

NOTE 3. TRANSFERS 12

NOTE 4. AGENCY FUNDS 13

NOTE 5. LONG-TERM DEBT 13

NOTE 6. COMMITMENTS AND CONTINGENCIES 16

NOTE 7. EMPLOYEE RETIREMENT SYSTEM 16

NOTE 8. DEFERRED COMPENSATION 18

NOTE 9. SELF-INSURANCE - HEALTH 19

NOTE 10. INSURANCE 19

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2015

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual (See Note 11.).

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.

**JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

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

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

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related expenditures. The primary sources of receipts for this fund are grants from the state and federal governments.

Emergency Services Fund - The primary purpose of this fund is to account for receipts for the County's ambulance runs and funds received from the state for emergency services.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

AOC Escrow - The purpose of this fund is to account for receipts from the Administrative Office of the Courts used to offset the County's required payments on its debt related to the Courthouse Annex.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

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

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

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

The State Local Finance Officer does not require the AOC Escrow Fund. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Jessamine County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Jessamine 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 Jessamine County, Kentucky.

- 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.

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).

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

Note 2. Deposits

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(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 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	Road Fund	LGEA Fund	Emergency Services Fund	Total Transfers In
General Fund	\$	\$ 625,000	\$ 100,000	\$ 20,070	\$ 745,070
Road Fund	625,000				625,000
Jail Fund	1,600,000				1,600,000
LGEA Fund	50,000				50,000
Emergency Services Fund	1,075,000				1,075,000
Total Transfers Out	<u>\$ 3,350,000</u>	<u>\$ 625,000</u>	<u>\$ 100,000</u>	<u>\$ 20,070</u>	<u>\$ 4,095,070</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.

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 4. Agency Funds

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

The fiscal court has the following trust fund:

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 \$38,491.

Note 5. Long-term Debt

A. Courthouse Annex

On July 3, 1997, the Jessamine County Fiscal Court entered into a twenty-year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$1,700,000 at an assumed interest rate of 4.91% for construction of the Courthouse Annex. Payments of interest and fees are due monthly with an annual principal payment due on January 20.

The Jessamine County Fiscal Court entered into a sublease agreement with the Commonwealth of Kentucky, Administrative Office of the Courts (AOC); in which (AOC) sublet the Courthouse Annex. Under the agreement, AOC agreed to offset the County's commitment through payment of a use allowance for operating and maintaining the project. Lease payments from AOC are deposited into an interest bearing Sinking Fund account. Interest earned on this account reduces the net amount due from the County.

The remaining principal balance on the agreement at June 30, 2015 was \$256,000. Annual debt service requirements to maturity for the lease and the AOC lease payments expected to offset the obligation are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>	<u>Total Payment</u>	<u>Expected AOC Payments</u>	<u>Net Amount Due From County</u>
2016	\$ 125,000	\$ 12,106	\$ 137,106	\$ 112,600	\$ 24,506
2017	131,000	4,537	135,537	112,600	22,937
Totals	<u>\$ 256,000</u>	<u>\$ 16,643</u>	<u>\$ 272,643</u>	<u>\$ 225,200</u>	<u>\$ 47,443</u>

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

B. Cassity Governmental Building #1

On November 27, 2007, the Jessamine County Fiscal Court entered into a twenty-year lease with the Kentucky Association of Counties Leasing Trust Program in the amount of \$500,000 at an assumed interest rate of 4.63% for the construction and renovation of a county administrative building. Payments of interest and fees are due monthly with an annual principal payment due on July 20.

The remaining principal balance as of June 30, 2015 was \$375,000. Annual debt service requirements to maturity for the lease are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 20,000	\$ 16,491
2017	25,000	15,378
2018	25,000	14,247
2019	25,000	13,115
2020	25,000	11,985
2021-2025	150,000	40,560
2026-2028	<u>105,000</u>	<u>5,879</u>
Totals	<u>\$ 375,000</u>	<u>\$ 117,655</u>

C. Cassity Governmental Building #2

On May 5, 2008, the Jessamine County Fiscal Court entered into another twenty-year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$1,000,000 at an assumed interest rate of 4.53% to cover the additional costs of the construction and renovation of the county administrative building. Payments of interest and fees are due monthly with an annual principal payment due on September 20. The remaining principal balance as of June 30, 2015 was \$740,000. Annual debt service requirements to maturity for the lease are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 45,000	\$ 31,479
2017	45,000	29,502
2018	50,000	27,362
2019	50,000	25,165
2020	50,000	22,973
2021-2025	295,000	77,600
2026-2028	<u>205,000</u>	<u>12,535</u>
Totals	<u>\$ 740,000</u>	<u>\$ 226,616</u>

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

D. Energy Conservation

On March 22, 2011, the Jessamine County Fiscal Court entered into ten year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$599,788 at an assumed interest rate of 4.25% to finance the acquisition, construction, installation, and equipping of energy savings projects including new windows and HVAC systems. Principal and interest payments are due monthly.

The remaining principal balance as of June 30, 2015 was \$344,877. Annual debt service requirements to maturity for the lease are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 59,979	\$ 15,005
2017	59,979	12,138
2018	59,979	9,310
2019	59,979	6,483
2020	59,979	3,663
2021	<u>44,982</u>	<u>886</u>
Totals	<u>\$ 344,877</u>	<u>\$ 47,485</u>

E. Land

On February 9, 2015, the Jessamine County Fiscal Court entered into five year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$228,225 at an fixed interest rate of 3.25% to finance the acquisition of land related to the jail. Principal and interest payments are due monthly.

The remaining principal balance as of June 30, 2015 was \$214,348. Annual debt service requirements to maturity for the lease are as follows:

	<u>Governmental Activities</u>	
<u>Fiscal Year Ended</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	43,239	6,326
2017	44,665	4,900
2018	46,139	3,426
2019	47,661	1,904
2020	<u>32,644</u>	<u>399</u>
Totals	<u>\$ 214,348</u>	<u>\$ 16,955</u>

**JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)**

Note 5. Long-term Debt (Continued)

F. 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
Financing Obligations	\$ 1,954,857	\$ 228,225	\$ 252,857	\$ 1,930,225	\$ 293,218
Total Long-term Debt	<u>\$ 1,954,857</u>	<u>\$ 228,225</u>	<u>\$ 252,857</u>	<u>\$ 1,930,225</u>	<u>\$ 293,218</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.

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. 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 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.67 percent.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 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 5% (nonhazardous) and 8% (hazardous) of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (nonhazardous) and 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Employee Retirement System (Continued)

A. Plan Description (Continued)

The county's contribution for FY 2013 was \$1,904,782, FY 2014 was \$1,899,266, and FY 2015 was \$1,795,357.

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

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

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

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

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

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

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

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.

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Employee Retirement System (Continued)

B. Net Pension Liability

As promulgated by GASB Statements No. 67 and 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 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, Jessamine County's proportionate share of the net pension liability as of June 30, 2015 is:

	June 30, 2014	June 30, 2015
Hazardous	\$ 6,389,000	\$ 5,721,000
Non-Hazardous	8,453,000	7,471,000
Totals	<u>\$ 14,842,000</u>	<u>\$ 13,192,000</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.

Note 8. Deferred Compensation

The Jessamine County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

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

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

**JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)**

Note 9. Self-Insurance - Health

Jessamine County Fiscal Court elected to begin a partially self-funded health insurance plan as of July 1, 2013. Medben is the third party administrator. This partially self-funded insurance plan covers all employees. The County maintains only one insurance plan with various levels of coverage (i.e. single, family, etc.). Jessamine County elected to purchase a stop-loss insurance policy from Pan-American Life Insurance Company to cover losses from individual and aggregate claims once the county 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.

This partially self-funded insurance plan has two distinct components that the fiscal court must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Fixed costs for fiscal year ending June 30, 2015 were \$521,058. The second component is the claims cost, all of which Jessamine County is responsible to pay as they incur. Once an individual exceeds \$75,000 in claims or the County's aggregate claims exceed the predetermined maximum, then the County will receive reimbursements from the reinsurance carrier. Claims for fiscal year ended June 30, 2015 were \$1,445,483 and stop loss reimbursements were \$78,880 for a net amount of \$1,366,604 in claims. Jessamine County Fiscal Court's contract with Pan-American Life Insurance Company has no terminal liability provisions. The Court will be responsible to pay all run-out claims after termination. The Health Insurance Fund had a balance of \$81 as of June 30, 2015.

Note 10. Insurance

For the fiscal year ended June 30, 2013, Jessamine 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.

**JESSAMINE COUNTY FISCAL COURT
BUDGETARY COMPARSION SCHEDULES
Supplementary Information - Regulatory Basis**

For The Year Ended June 30, 2015

**JESSAMINE COUNTY FISCAL COURT
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	\$ 9,015,130	\$ 9,015,130	\$ 10,150,370	\$ 1,135,240
Excess Fees	966,469	966,469	901,507	(64,962)
Licenses and Permits	136,000	136,000	142,045	6,045
Intergovernmental Revenue	1,027,255	2,380,488	2,195,381	(185,107)
Charges for Services	233,000	233,000	320,361	87,361
Miscellaneous	813,507	813,507	1,060,940	247,433
Interest	3,200	3,200	4,055	855
Total Revenues	<u>12,194,561</u>	<u>13,547,794</u>	<u>14,774,659</u>	<u>1,226,865</u>
DISBURSEMENTS				
General Government	3,892,374	5,269,249	4,977,322	291,927
Protection to Persons and Property	455,907	506,917	485,109	21,808
General Health and Sanitation	1,105,361	1,188,684	1,068,473	120,211
Social Services	196,027	210,954	200,214	10,740
Recreation and Culture	1,065,263	1,006,038	912,589	93,449
Other Transportation Facilities and Services	154,400	154,400	130,660	23,740
Debt Service	216,227	239,906	239,904	2
Capital Projects	738,905	1,031,539	437,063	594,476
Administration	5,515,969	5,314,204	3,930,764	1,383,440
Total Expenditures	<u>13,340,433</u>	<u>14,921,891</u>	<u>12,382,098</u>	<u>2,539,793</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,145,872)</u>	<u>(1,374,097)</u>	<u>2,392,561</u>	<u>3,766,658</u>
Other Adjustments to Cash (Uses)				
Borrowed Money		228,225	228,225	
Transfers From Other Funds			745,070	745,070
Transfers To Other Funds	<u>(3,235,000)</u>	<u>(3,235,000)</u>	<u>(3,350,000)</u>	<u>(115,000)</u>
Total Other Adjustments to Cash (Uses)	<u>(3,235,000)</u>	<u>(3,006,775)</u>	<u>(2,376,705)</u>	<u>630,070</u>
Net Change in Cash and Cash Equivalents	(4,380,872)	(4,380,872)	15,856	4,396,728
Fund Balance- Beginning (Restated)	<u>4,380,872</u>	<u>4,380,872</u>	<u>3,762,516</u>	<u>(618,356)</u>
Fund Balance- Ending	<u>\$</u>	<u>\$</u>	<u>\$ 3,778,372</u>	<u>\$ 3,778,372</u>

JESSAMINE COUNTY FISCAL COURT
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				
Taxes	\$	\$	\$	\$
Intergovernmental Revenue	1,066,681	1,066,681	1,125,132	58,451
Miscellaneous	500	500	307	(193)
Interest	100	100	233	133
Total Revenues	<u>1,067,281</u>	<u>1,067,281</u>	<u>1,125,672</u>	<u>58,391</u>
DISBURSEMENTS				
Roads	928,719	928,719	522,874	405,845
Capital Projects	5,000	5,000	1,065	3,935
Administration	169,067	169,067	89,832	79,235
Total Expenditures	<u>1,102,786</u>	<u>1,102,786</u>	<u>613,771</u>	<u>489,015</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(35,505)</u>	<u>(35,505)</u>	<u>511,901</u>	<u>547,406</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			625,000	625,000
Transfers To Other Funds			(625,000)	(625,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Cash and Cash Equivalents	(35,505)	(35,505)	511,901	547,406
Fund Balance- Beginning	<u>35,505</u>	<u>35,505</u>	<u>40,927</u>	<u>5,422</u>
Fund Balance- Ending	<u>\$</u>	<u>\$</u>	<u>\$ 552,828</u>	<u>\$ 552,828</u>

JESSAMINE COUNTY FISCAL COURT
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 Revenue	\$ 622,672	\$ 622,672	\$ 700,501	\$ 77,829
Charges for Services	47,400	47,400	63,563	16,163
Miscellaneous	35,000	35,000	113,428	78,428
Interest	50	50	30	(20)
Total Revenues	<u>705,122</u>	<u>705,122</u>	<u>877,522</u>	<u>172,400</u>
DISBURSEMENTS				
Protection to Persons and Property	2,213,892	2,224,602	2,162,021	62,581
Administration	350,928	340,218	293,186	47,032
Total Expenditures	<u>2,564,820</u>	<u>2,564,820</u>	<u>2,455,207</u>	<u>109,613</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,859,698)</u>	<u>(1,859,698)</u>	<u>(1,577,685)</u>	<u>282,013</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,825,000</u>	<u>1,825,000</u>	<u>1,600,000</u>	<u>(225,000)</u>
Total Other Adjustments to Cash (Uses)	<u>1,825,000</u>	<u>1,825,000</u>	<u>1,600,000</u>	<u>(225,000)</u>
Net Change in Cash and Cash Equivalents	(34,698)	(34,698)	22,315	57,013
Fund Balance- Beginning	<u>34,698</u>	<u>34,698</u>	<u>27,180</u>	<u>(7,518)</u>
Fund Balance- Ending	<u>\$</u>	<u>\$</u>	<u>\$ 49,495</u>	<u>\$ 49,495</u>

**JESSAMINE COUNTY FISCAL COURT
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				
Taxes	\$	\$	\$	\$
Intergovernmental Revenue	125,000	125,000	128,033	3,033
Miscellaneous	8,475	8,475		(8,475)
Interest	50	50	72	22
Total Revenues	133,525	133,525	128,105	(5,420)
DISBURSEMENTS				
General Government	55,450	55,450	55,000	450
Protection to Persons and Property	80,550	80,190		80,190
Recreation and Culture	97,525	97,885	72,885	25,000
Roads				
Total Expenditures	233,525	233,525	127,885	105,640
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(100,000)	(100,000)	220	100,220
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			50,000	50,000
Transfers To Other Funds			(100,000)	(100,000)
Total Other Adjustments to Cash (Uses)			(50,000.00)	(50,000.00)
Net Change in Cash and Cash Equivalents	(100,000)	(100,000)	(49,780)	50,220
Fund Balance-				
Fund Balance - Beginning	100,000	100,000	111,622	11,622
Fund Balance- Ending	\$	\$	\$ 61,842	\$ 61,842

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

EMERGENCY SERVICES FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 435,000	\$ 435,000	\$ 400,931	\$ (34,069)
Intergovernmental Revenue	165,169	165,169	230,785	65,616
Charges for Services	1,787,000	1,787,000	1,837,562	50,562
Miscellaneous			3,289	3,289
Interest	200	200	63	(137)
Total Revenues	<u>2,387,369</u>	<u>2,387,369</u>	<u>2,472,630</u>	<u>85,261</u>
DISBURSEMENTS				
Protection to Persons and Property	3,015,630	3,027,967	2,807,134	220,833
Administration	851,340	839,003	724,415	114,588
Total Expenditures	<u>3,866,970</u>	<u>3,866,970</u>	<u>3,531,549</u>	<u>335,421</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,479,601)</u>	<u>(1,479,601)</u>	<u>(1,058,919)</u>	<u>420,682</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,410,000	1,410,000	1,075,000	(335,000)
Transfers To Other Funds			(20,070)	(20,070)
Total Other Adjustments to Cash (Uses)	<u>1,410,000</u>	<u>1,410,000</u>	<u>1,054,930</u>	<u>(355,070)</u>
Net Change in Cash and Cash Equivalents	(69,601)	(69,601)	(3,989)	65,612
Fund Balance- Beginning (Restated)	<u>69,601</u>	<u>69,601</u>	<u>81,863</u>	<u>12,262</u>
Fund Balance- Ending	<u>\$</u>	<u>\$</u>	<u>\$ 77,874</u>	<u>\$ 77,874</u>

**JESSAMINE COUNTY FISCAL COURT
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES**

June 30, 2015

Note 1. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

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

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

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

**JESSAMINE COUNTY FISCAL COURT
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 Improvements	\$ 3,545,506	\$ 228,225	\$	\$ 3,773,731
Buildings and Building Improvements	18,846,600	243,908		19,090,508
Other Equipment	3,898,067	267,295	207,291	3,958,071
Vehicles and Equipment	2,821,870	55,416	73,651	2,803,635
Vehicles and Equipment - Jail	57,549			57,549
Infrastrure	52,580,027	33,408		52,613,435
	<u>\$ 81,749,619</u>	<u>\$ 828,252</u>	<u>\$ 280,942</u>	<u>\$ 82,296,929</u>
Total Capital Assets	<u>\$ 81,749,619</u>	<u>\$ 828,252</u>	<u>\$ 280,942</u>	<u>\$ 82,296,929</u>

JESSAMINE COUNTY FISCAL COURT
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	\$ 12,500	10-60
Buildings and Building Improvements	25,000	10-75
Machinery and Equipment	2,500	3-25
Vehicles	2,500	3-25
Infrastructure	20,000	10-50

**JESSAMINE COUNTY FISCAL COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**JESSAMINE COUNTY FISCAL COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Fiscal Year Ended June 30, 2015

Federal Grantor Program Title Grant Name (CFDA #)	Federal CFDA #	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed-Through Kentucky Department for Local Government Community Development Block Grant	14.228		\$ 5,000
<u>U.S. Department of Homeland Security</u>			
Passed-Through Kentucky Department of Military Affairs			
Chemical Stockpile Emergency Preparedness Program	97.040	P0N2 095 0800007886 3	383,209
Emergency Management Program	97.042	P0N2 095 14000003351	20,623
Passed-Through Kentucky Office of Homeland Security			
Special Response	97.067		<u>44,070</u>
<u>U.S. Department of Homeland Security</u>			<u><u>447,902</u></u>
<u>U.S. Department of Transportation</u>			
Passed-Through Kentucky Department of Transportation			
Genset Revolution Project	20.205	**	<u>1,299,433</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,752,335</u></u>

**Tested as Major Program

JESSAMINE COUNTY FISCAL COURT
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 Jessamine 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

The 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. The major program tested was:

Genset Revolution Project

CFDA 20.205

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

ROSS & COMPANY, PLLC
Certified Public Accountants

800 Envoy Circle
Louisville, KY 40299
Telephone (502) 499-9088
Facsimile (502) 499-9132

www.rosscpas.com

The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine 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**

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 Jessamine County Fiscal Court for the fiscal year ended June 30, 2015 and the related notes to the financial statement which collectively comprise the Jessamine County Fiscal Court's financial statement and have issued our report thereon dated February 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Jessamine County Fiscal Court's internal control over financial reporting 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 Jessamine County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jessamine 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Internal Control Over Financial Reporting (Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Jessamine 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 cursive script that reads "Ross & Company".

Ross & Company, PLLC
Louisville, Kentucky
February 12, 2016

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

ROSS & COMPANY, PLLC
Certified Public Accountants
800 Envoy Circle
Louisville, KY 40299
Telephone (502) 499-9088
Facsimile (502) 499-9132
www.rosscpas.com

The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Report On Compliance For Each Major Federal Program
And Report And 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 compliance of Jessamine County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement that could have a direct and material effect on each of Jessamine County's major federal programs for the year ended June 30, 2015. Jessamine County's major federal program is 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 Jessamine County'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 Jessamine County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on Jessamine County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Jessamine 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 the major federal program for the year ended June 30, 2015.

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

Report on Internal Control over Compliance

The management of Jessamine County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered Jessamine County's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with 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 Jessamine County'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,

A handwritten signature in cursive script, appearing to read "Ross & Company", is written in black ink.

Ross & Company, PLLC
Louisville, Kentucky
February 12, 2016

**JESSAMINE COUNTY FISCAL COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2015

**JESSAMINE COUNTY FISCAL COURT
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 opinion*

Internal control over financial reporting:

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
Is any noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

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

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.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, Section .510(a) ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

CFDA Numbers and Name of Federal Program or Cluster

20.205 Genset Revolution Project

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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

Section II: Findings – Financial Statement Audit

None.

State Laws And Regulations

None.

Internal Control - Material Weaknesses

None.

Internal Control - Significant Deficiencies

None.

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

None.

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

None.

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

JESSAMINE COUNTY FISCAL COURT

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

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

For The Fiscal Year Ended June 30, 2015

The Jessamine 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.

David K West

County Judge/Executive

Danni East

County Treasurer