

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

**For The Fiscal Year Ended
June 30, 2014**

ROSS & COMPANY, PLLC
Certified Public Accountants

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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE JESSAMINE COUNTY FISCAL COURT

June 30, 2014

Ross & Company, PLLC has completed the audit of the Jessamine County Fiscal Court for fiscal year ended June 30, 2014.

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 \$19,271,786, total disbursements of \$20,504,790 in fiscal year 2014. This resulted in a total ending fund balance of \$4,157,629, which is a decrease of \$1,233,004 from the prior year.

Deposits:

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

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To the People of Kentucky
Honorable Steven L. Beshear, Governor
Lori H. Flanery, Secretary
Finance and Administration Cabinet
Honorable William N. Cassity, 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, Kentucky, for the year ended June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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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, 2014, 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 balance of Jessamine County, Kentucky as of June 30, 2014, and its cash receipts and disbursements, for the year then ended, in accordance with the accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Jessamine County, Kentucky. The budgetary comparison schedules and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The budgetary comparison schedules, capital asset schedule, and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, capital asset schedule, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statement.

To the People of Kentucky
Honorable Steven L. Beshear, Governor
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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2015 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 should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Ross & Company". The signature is written in a cursive, flowing style.

Ross & Company, PLLC
Louisville, Kentucky

February 4, 2015

JESSAMINE COUNTY OFFICIALS

For The Year Ended June 30, 2014

Fiscal Court Members:

Neal Cassity	County Judge/Executive
Burch Hager	Magistrate
Bobby Day Wilson	Magistrate
Terry Meckstroth	Magistrate
Tim Vaughan	Magistrate
Gary Morgan	Magistrate
George Dan	Magistrate

Other Elected Officials:

Brain Goettl	County Attorney
Jon Sallee	Jailer
Eva L. McDaniel	County Clerk
Doug Fain	Circuit Court Clerk
Kevin Corman	Sheriff
Brad Freeman	Property Valuation Administrator
Michael Hughes	Coroner

Appointed Personnel:

Tami East	County Treasurer
Kelly Woolums	Deputy Judge Executive

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

For The Year Ended June 30, 2014

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

For The Year Ended June 30, 2014

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 9,623,988	\$	\$
Excess Fees	998,953		
Licenses and Permits	155,680		
Intergovernmental	2,447,986	1,141,671	756,023
Charges for Services	271,014		54,118
Miscellaneous	987,920	1,723	55,879
Interest	6,526	219	36
Total Receipts	<u>14,492,067</u>	<u>1,143,613</u>	<u>866,056</u>
DISBURSEMENTS			
General Government	4,811,836		
Protection to Persons and Property	652,622		2,146,524
General Health and Sanitation	1,071,950		
Social Services	177,505		
Recreation and Culture	1,112,916		
Roads		1,141,808	
Other Transportation Facilities and Services	161,330		
Debt Service	221,906		
Capital Projects	639,244	310,890	
Administration	3,607,432	97,399	303,449
Total Disbursements	<u>12,456,741</u>	<u>1,550,097</u>	<u>2,449,973</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,035,326</u>	<u>(406,484)</u>	<u>(1,583,917)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	1,239,322	875,000	1,598,500
Transfers To Other Funds	(4,113,595)	(875,000)	
Total Other Adjustments to Cash (Uses)	<u>(2,874,273)</u>		<u>1,598,500</u>
Net Change in Fund Balance	(838,947)	(406,484)	14,583
Fund Balance - Beginning (Restated)	4,601,463	447,411	12,597
Fund Balance - Ending	<u>\$ 3,762,516</u>	<u>\$ 40,927</u>	<u>\$ 27,180</u>
Composition of Fund Balance			
Bank Balance	\$ 613,527	\$ 40,949	\$ 32,591
Less: Outstanding Checks	(46,024)	(22)	(5,411)
Certificate of Deposits	<u>3,195,013</u>		
Fund Balance - Ending	<u>\$ 3,762,516</u>	<u>\$ 40,927</u>	<u>\$ 27,180</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, 2014
(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
\$	\$ 408,259	\$	\$	\$ 10,032,247	\$
				998,953	
				155,680	
118,476	291,946	112,600		4,868,702	
9,725	1,709,040			2,043,897	
	2,221		117,602	1,165,345	1,404,408
107	72	2		6,962	
128,308	2,411,538	112,602	117,602	19,271,786	1,404,408
55,500				4,867,336	1,073,988
149,572	2,856,296			5,805,014	
				1,071,950	
				177,505	
40,815			80,680	1,234,411	
				1,141,808	
				161,330	
		104,073		325,979	
				950,134	
	761,043			4,769,323	330,420
245,887	3,617,339	104,073	80,680	20,504,790	1,404,408
(117,579)	(1,205,801)	8,529	36,922	(1,233,004)	
240,000	1,400,095			5,352,917	
(240,000)	(124,322)			(5,352,917)	
	1,275,773				
(117,579)	69,972	8,529	36,922	(1,233,004)	
229,201	11,891	53,069	35,001	5,390,633	
\$ 111,622	\$ 81,863	\$ 61,598	\$ 71,923	\$ 4,157,629	\$
\$ 111,622	\$ 85,317	\$ 61,598	\$ 72,054	\$ 1,017,658	\$ 38,934
	(3,454)		(131)	(55,042)	(38,934)
				3,195,013	
\$ 111,622	\$ 81,863	\$ 61,598	\$ 71,923	\$ 4,157,629	\$

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

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TO THE FINANCIAL STATEMENT**

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JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2014

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 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 (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, 2014
(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 disbursements. 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 and to enhance the well-being of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund.

**JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2014
(Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

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

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

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

The State Local Finance Officer does not require the 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 are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

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

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2014
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the 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, 2014, 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 2014.

	General Fund	Road Fund	LGEA Fund	Emergency Services Fund	Total Transfers In
General Fund	\$	\$ 875,000	\$ 240,000	\$ 124,322	\$ 1,239,322
Road Fund	875,000				875,000
Jail Fund	1,598,500				1,598,500
LGEA Fund	240,000				240,000
Emergency Services Fund	1,400,095				1,400,095
Total Transfers Out	<u>\$ 4,113,595</u>	<u>\$ 875,000</u>	<u>\$ 240,000</u>	<u>\$ 124,322</u>	<u>\$ 5,352,917</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, 2014
(Continued)

Note 4. Trust Funds

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

The fiscal court has the following trust fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2014 was \$25,449.

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, 2014 was \$375,000. Annual debt service requirements to maturity for the lease and the AOC lease payments expected to offset the obligation are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest	Total Payment	Expected AOC Payments	Net Amount Due From County
2015	\$ 119,000	\$ 15,973	\$ 134,973	\$ 112,600	\$ 22,373
2016	125,000	12,106	137,106	112,600	24,506
2017	131,000	4,537	135,537	112,600	22,937
Totals	<u>\$ 375,000</u>	<u>\$ 32,616</u>	<u>\$ 407,616</u>	<u>\$ 337,800</u>	<u>\$ 69,816</u>

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2014
(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, 2014 was \$395,000. Annual debt service requirements to maturity for the lease are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2015	\$ 20,000	\$ 17,395
2016	20,000	16,491
2017	25,000	15,378
2018	25,000	14,247
2019	25,000	13,115
2020-2024	140,000	47,310
2025-2028	140,000	11,114
Totals	<u>\$ 395,000</u>	<u>\$ 135,050</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, 2014 was \$780,000. Annual debt service requirements to maturity for the lease are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2015	\$ 40,000	\$ 33,396
2016	45,000	31,479
2017	45,000	29,502
2018	50,000	27,362
2019	50,000	25,165
2020-2024	285,000	90,387
2025-2028	265,000	22,721
Totals	<u>\$ 780,000</u>	<u>\$ 260,012</u>

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2014
(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, 2014 was \$404,857. Annual debt service requirements to maturity for the lease are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2015	\$ 59,979	\$ 17,794
2016	59,979	15,005
2017	59,979	12,138
2018	59,979	9,310
2019	59,979	6,483
2020-2021	104,962	4,549
Totals	<u>\$ 404,857</u>	<u>\$ 65,279</u>

A. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Financing Obligations	<u>\$ 2,187,836</u>		<u>\$ 232,979</u>	<u>\$ 1,954,857</u>	<u>\$ 238,979</u>
Total Long-term Debt	<u>\$ 2,187,836</u>	<u>\$</u>	<u>\$ 232,979</u>	<u>\$ 1,954,857</u>	<u>\$ 238,979</u>

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2014
(Continued)

Note 6. Employee Retirement System

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

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 18.89 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 35.70 percent.

The county's contribution for FY 2012 was \$1,823,501, FY 2013 was \$1,904,782, and FY 2014 was \$1,899,266.

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%

**JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2014
(Continued)**

Note 6. Employee Retirement System (Continued)

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

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

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

Note 7. 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.

Note 8. Insurance

For the fiscal year ended June 30, 2014, 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.

Note 9. Insurance 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.

JESSAMINE COUNTY FISCAL COURT
NOTES TO FINANCIAL STATEMENT
June 30, 2014
(Continued)

Note 10. 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, 2014 were \$330,420. 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, 2014 were \$1,073,988 and stop loss reimbursements were \$0. 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 \$0 as of June 30, 2014.

Note 11. Prior Period Adjustments

The beginning fund balances for the following funds were restated:

	General Fund	Emergency Services Fund
July 1, 2013 Fund Balance	\$ 4,599,410	\$ 11,606
Plus: outstanding checks written off	2,053	285
July 1, 2013 Fund Balance (Restated)	<u>\$ 4,601,463</u>	<u>\$ 11,891</u>

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

For The Year Ended June 30, 2014

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

For The Year Ended June 30, 2014

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 8,873,150	\$ 8,873,150	\$ 9,623,988	\$ 750,838
Excess Fees	934,959	934,959	998,953	63,994
Licenses and Permits	111,000	111,000	155,680	44,680
Intergovernmental	955,475	2,156,043	2,447,986	291,943
Charges for Services	193,000	193,000	271,014	78,014
Miscellaneous	680,868	680,868	987,920	307,052
Interest	5,200	5,200	6,526	1,326
Total Receipts	<u>11,753,652</u>	<u>12,954,220</u>	<u>14,492,067</u>	<u>1,537,847</u>
DISBURSEMENTS				
General Government	4,077,852	5,295,636	4,811,836	483,800
Protection to Persons and Property	352,111	663,150	652,622	10,528
General Health and Sanitation	995,426	1,141,926	1,071,950	69,976
Social Services	229,085	204,085	177,505	26,580
Recreation and Culture	1,118,999	1,150,896	1,112,916	37,980
Other Transportation Facilities and Services	176,082	176,082	161,330	14,752
Debt Service	223,427	228,242	221,906	6,336
Capital Projects	791,000	791,776	639,244	152,532
Administration	5,189,519	4,702,276	3,607,432	1,094,844
Total Disbursements	<u>13,153,501</u>	<u>14,354,069</u>	<u>12,456,741</u>	<u>1,897,328</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,399,849)</u>	<u>(1,399,849)</u>	<u>2,035,326</u>	<u>3,435,175</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,239,322	1,239,322
Transfers To Other Funds	<u>(3,475,000)</u>	<u>(3,475,000)</u>	<u>(4,113,595)</u>	<u>(638,595)</u>
Total Other Adjustments to Cash (Uses)	<u>(3,475,000)</u>	<u>(3,475,000)</u>	<u>(2,874,273)</u>	<u>600,727</u>
Net Change in Fund Balance	(4,874,849)	(4,874,849)	(838,947)	4,035,902
Fund Balance- Beginning (Restated)	<u>4,874,849</u>	<u>4,874,849</u>	<u>4,601,463</u>	<u>(273,386)</u>
Fund Balance- Ending	<u>\$</u>	<u>\$</u>	<u>\$ 3,762,516</u>	<u>\$ 3,762,516</u>

JESSAMINE COUNTY FISCAL COURT
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2014
(Continued)

ROAD FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$	\$	\$	\$
Intergovernmental	1,071,140	1,071,140	1,141,671	70,531
Miscellaneous	500	500	1,723	1,223
Interest	100	100	219	119
Total Receipts	1,071,740	1,071,740	1,143,613	71,873
DISBURSEMENTS				
Roads	1,227,567	1,371,567	1,141,808	229,759
Capital Projects	100,000	333,000	310,890	22,110
Administration	149,678	147,678	97,399	50,279
Total Disbursements	1,477,245	1,852,245	1,550,097	302,148
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(405,505)	(780,505)	(406,484)	374,021
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	335,000	335,000	875,000	540,000
Transfers To Other Funds			(875,000)	(875,000)
Total Other Adjustments to Cash (Uses)	335,000	335,000		(335,000)
Net Change in Fund Balance	(70,505)	(445,505)	(406,484)	39,021
Fund Balance- Beginning	70,505	445,505	447,411	1,906
Fund Balance- Ending	\$	\$	\$ 40,927	\$ 40,927

JESSAMINE COUNTY FISCAL COURT
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2014
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 587,071	\$ 587,071	\$ 756,023	\$ 168,952
Charges for Services	48,900	48,900	54,118	5,218
Miscellaneous	40,000	40,000	55,879	15,879
Interest	50	50	36	(14)
Total Receipts	<u>676,021</u>	<u>676,021</u>	<u>866,056</u>	<u>190,035</u>
DISBURSEMENTS				
Protection to Persons and Property	2,298,195	2,300,715	2,146,524	154,191
Administration	337,358	334,838	303,449	31,389
Total Disbursements	<u>2,635,553</u>	<u>2,635,553</u>	<u>2,449,973</u>	<u>185,580</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,959,532)</u>	<u>(1,959,532)</u>	<u>(1,583,917)</u>	<u>375,615</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,598,500</u>	<u>(301,500)</u>
Total Other Adjustments to Cash (Uses)	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,598,500</u>	<u>(301,500)</u>
Net Change in Fund Balance	(59,532)	(59,532)	14,583	74,115
Fund Balance- Beginning	<u>59,532</u>	<u>59,532</u>	<u>12,597</u>	<u>(46,935)</u>
Fund Balance- Ending	<u>\$</u>	<u>\$</u>	<u>\$ 27,180</u>	<u>\$ 27,180</u>

JESSAMINE COUNTY FISCAL COURT
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2014
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$	\$	\$	\$
Intergovernmental	120,000	120,000	118,476	(1,524)
Miscellaneous	8,475	8,475	9,725	1,250
Interest	100	100	107	7
Total Receipts	128,575	128,575	128,308	(267)
DISBURSEMENTS				
General Government	55,500	55,500	55,500	
Protection to Persons and Property	170,000	169,170	149,572	19,598
Recreation and Culture	98,665	99,495	40,815	58,680
Total Disbursements	324,165	324,165	245,887	78,278
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(195,590)	(195,590)	(117,579)	78,011
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			240,000	240,000
Transfers To Other Funds			(240,000)	(240,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(195,590)	(195,590)	(117,579)	78,011
Fund Balance - Beginning	195,590	195,590	229,201	33,611
Fund Balance- Ending	\$	\$	\$ 111,622	\$ 111,622

JESSAMINE COUNTY FISCAL COURT
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2014
(Continued)

EMERGENCY SERVICES FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 420,000	\$ 420,000	\$ 408,259	\$ (11,741)
Intergovernmental	188,169	188,169	291,946	103,777
Charges for Services	1,995,000	1,995,000	1,709,040	(285,960)
Miscellaneous			2,221	2,221
Interest	200	200	72	(128)
Total Receipts	<u>2,603,369</u>	<u>2,603,369</u>	<u>2,411,538</u>	<u>(191,831)</u>
DISBURSEMENTS				
Protection to Persons and Property	3,043,525	3,074,010	2,856,296	217,714
Administration	869,445	838,960	761,043	77,917
Total Disbursements	<u>3,912,970</u>	<u>3,912,970</u>	<u>3,617,339</u>	<u>295,631</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,309,601)</u>	<u>(1,309,601)</u>	<u>(1,205,801)</u>	<u>103,800</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,240,000	1,240,000	1,400,095	160,095
Transfers To Other Funds			(124,322)	(124,322)
Total Other Adjustments to Cash (Uses)	<u>1,240,000</u>	<u>1,240,000</u>	<u>1,275,773</u>	<u>35,773</u>
Net Change in Fund Balance	(69,601)	(69,601)	69,972	139,573
Fund Balance- Beginning (Restated)	<u>69,601</u>	<u>69,601</u>	<u>11,891</u>	<u>(57,710)</u>
Fund Balance- Ending	<u>\$</u>	<u>\$</u>	<u>\$ 81,863</u>	<u>\$ 81,863</u>

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

June 30, 2014

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.

**JESSAMINE COUNTY FISCAL COURT
SUPPLEMENTARY SCHEDULE
Supplementary Information - Regulatory Basis**

For The Year Ended June 30, 2014

**JESSAMINE COUNTY FISCAL COURT
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis**

For The Year Ended June 30, 2014

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Improvements	\$ 3,477,346	\$ 68,160	\$	\$ 3,545,506
Buildings and Building Improvements	18,600,056	246,544		18,846,600
Other Equipment	3,580,061	380,911	62,905	3,898,067
Vehicles and Equipment	2,768,528	225,852	172,510	2,821,870
Vehicles and Equipment - Jail	57,549			57,549
Infrastrure	51,656,375	923,652		52,580,027
	<u>51,656,375</u>	<u>923,652</u>	<u></u>	<u>52,580,027</u>
Total Capital Assets	<u>\$ 80,139,915</u>	<u>\$ 1,845,119</u>	<u>\$ 235,415</u>	<u>\$ 81,749,619</u>

JESSAMINE COUNTY FISCAL COURT
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS

June 30, 2014

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, 2014

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Federal CFDA #</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Environmental Protection Agency</u>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Direct	\$ 62,544
<u>U.S. Department of Housing and Urban Development</u>			
Passed-Through Kentucky Department for Local Government Community Development Block Grant	14.228		263,421
<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	455,547
Passed-Through Kentucky Office of Homeland Security			
Homeland Security Grant Program	97.067		<u>112,678</u>
<u>U.S. Department of Homeland Security</u>			<u><u>568,225</u></u>
<u>U.S. Department of Transportation</u>			
Passed-Through Kentucky Department of Transportation			
Highway Planning and Construction - Genset Revolution Project	20.205	*	<u>1,200,567</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,094,757</u></u>

*: Major Program Tested

JESSAMINE COUNTY FISCAL COURT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2014

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 2014 or were deemed high risk. The major program tested was:

Highway Planning and Construction - Genset Revolution Project

CFDA 20.205

Note 3 - Noncash Expenditures

There were no noncash expenditures of federal awards for fiscal year 2014.

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

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Certified Public Accountants

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www.rosscpas.com

The Honorable William N. Cassity, 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, 2014, and the related notes to the financial statement and have issued our report thereon dated February 4, 2015. The Fiscal Court's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

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)

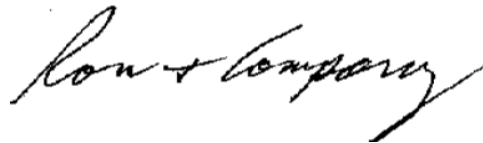
Compliance And Other Matters

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 black ink that reads "Ross & Company". The signature is written in a cursive, flowing style.

Ross & Company, PLLC
Louisville, Kentucky
February 4, 2015

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

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

Independent Auditor's Report

The Honorable William N. Cassity, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Report on Compliance for Each Major Federal Program

We have audited Jessamine County, Kentucky's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Jessamine County's major federal programs for the year ended June 30, 2014. 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 its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jessamine County, Kentucky'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, Kentucky's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jessamine County, Kentucky's compliance.

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 its major federal program for the year ended June 30, 2014.

Report On Compliance With Requirements
That Could Have A Direct And Material Effect On Each Major Program
And On Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Report on Internal Control over Compliance

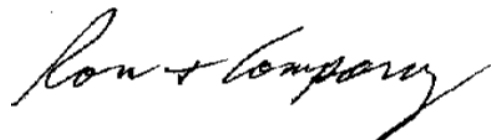
Management of Jessamine County, Kentucky is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jessamine County, Kentucky's internal control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

Ross & Company, PLLC
Louisville, Kentucky
February 4, 2015

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

For The Year Ended June 30, 2014

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

Fiscal Year Ended June 30, 2014

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified opinion on the Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of Jessamine County Fiscal Court.

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	__x__ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	__x__ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	__x__ No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified opinion for the audit of the major federal award programs for Jessamine County Fiscal Court.

Internal control over major programs:

Are any material weaknesses identified?	___ Yes	__x__ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	__x__ 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) ?	___ Yes	__x__ No

Identification of major programs:

CFDA Number(s) and Name of Federal Program or Cluster

Genset Revolution (CFDA 20.205)

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 x No

JESSAMINE COUNTY FISCAL COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2014
(Continued)

Section II: Findings - Financial Statement Audit

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, 2014**

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

For The Fiscal Year Ended June 30, 2014

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.

A handwritten signature in blue ink, reading "Wm Neal Easley", is written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, reading "David East", is written over a horizontal line.

County Treasurer