

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

**For The Fiscal Year Ended  
June 30, 2016**



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

**June 30, 2016**

The Auditor of Public Accounts has completed the audit of the Oldham County Fiscal Court for the fiscal year ended June 30, 2016.

We have issued an unmodified opinion, based on our audit of the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Oldham County Fiscal Court. In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we have issued an unmodified opinion on the compliance requirements that are applicable to Oldham County Fiscal Court's major federal program: Flood Mitigation Assistance (CFDA #97.029).

**Financial Condition:**

The Oldham County Fiscal Court had total receipts of \$25,601,731 and disbursements of \$30,131,579 in fiscal year 2016. This resulted in a total ending fund balance of \$17,729,248, which is a decrease of \$4,529,848 from the prior year.

**Findings:**

- 2016-001 The Oldham County Fiscal Court Is Not Reporting Transfers And Beginning Balances Accurately On The Fourth Quarterly Report
- 2016-002 The Oldham County Fiscal Court Did Not Approve Individual Transfers Between Funds

**Deposits:**

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



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

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

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Oldham County Fiscal Court, for the year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Oldham County Fiscal Court's financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statement**

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

**Auditor's Responsibility**

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

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

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



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

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

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

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Oldham County Fiscal Court as of June 30, 2016, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Oldham County Fiscal Court as of June 30, 2016, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Oldham County Fiscal Court. The Budgetary Comparison Schedules, Capital Asset Schedule, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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.



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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 13, 2017 on our consideration of the Oldham County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oldham County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Questioned Costs included herein, which discusses the following report findings:

- 2016-001 The Oldham County Fiscal Court Is Not Reporting Transfers And Beginning Balances Accurately On The Fourth Quarterly Report
- 2016-002 The Oldham County Fiscal Court Did Not Approve Individual Transfers Between Funds

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

February 13, 2017

OLDHAM COUNTY OFFICIALS

For The Year Ended June 30, 2016

**Fiscal Court Members:**

David Voegelé	County Judge/Executive
Brent Likins	Magistrate
Wayne Theiss	Magistrate
Robert Leslie	Magistrate
Stephen Greenwell, Sr.	Magistrate
J.D. Sparks	Magistrate
Kevin Eldridge	Magistrate
Bob Dye	Magistrate
Michael Logsdon	Magistrate

**Other Elected Officials:**

John Carter	County Attorney
Mike Simpson	Jailer
Julie Barr	County Clerk
Rick Rash	Circuit Court Clerk
Steve Sparrow	Sheriff
Barbara A. Winters	Property Valuation Administrator
Bett Donner	Coroner

**Appointed Personnel:**

Melissa Horn	County Treasurer
J. Stanley Clark	Chief Financial Officer

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

**For The Year Ended June 30, 2016**

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

**For The Year Ended June 30, 2016**

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 12,211,048	\$ 600,000	\$
In Lieu Tax Payments	565,000		
Excess Fees	345,249		
Licenses and Permits	587,332		
Intergovernmental	3,223,906	1,683,777	1,322,595
Charges for Services	480,046		167,398
Miscellaneous	427,480	4,375	77,008
Interest	70,990	9,883	
Total Receipts	<u>17,911,051</u>	<u>2,298,035</u>	<u>1,567,001</u>
<b>DISBURSEMENTS</b>			
General Government	5,216,711		
Protection to Persons and Property	3,787,456		2,175,452
General Health and Sanitation	836,849		
Social Services	75,000		
Recreation and Culture	1,398,354		
Roads		2,590,534	
Bus Services			
Other Transportation Facilities and Services			
Debt Service	521,419		
Capital Projects	4,694,564		
Administration	681,466		
Total Disbursements	<u>17,211,819</u>	<u>2,590,534</u>	<u>2,175,452</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>699,232</u>	<u>(292,499)</u>	<u>(608,451)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds	1,681,233	1,586,140	608,451
Transfers To Other Funds	<u>(2,924,594)</u>	<u>(1,283,758)</u>	
Total Other Adjustments to Cash (Uses)	<u>(1,243,361)</u>	<u>302,382</u>	<u>608,451</u>
Net Change in Fund Balance	(544,129)	9,883	
Fund Balance - Beginning (Restated)	11,981,689	1,966,732	
Fund Balance - Ending	<u>\$ 11,437,560</u>	<u>\$ 1,976,615</u>	<u>\$ 0</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 12,995,302	\$ 1,976,615	\$
Plus: Deposits In Transit	2,972		
Less: Outstanding Checks	(1,560,714)		
Certificates of Deposit			
Fund Balance - Ending	<u>\$ 11,437,560</u>	<u>\$ 1,976,615</u>	<u>\$ 0</u>

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

**OLDHAM COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2016**  
**(Continued)**

<b>Budgeted Funds</b>		
<b>Local Government Economic Assistance Fund</b>	<b>Central Dispatch Fund</b>	<b>County Police Accounts Fund</b>
\$ 151,198	\$ 658,885	\$
1,796,301	85,375	3,150
2,531		
87,037		19,893
205		445
<u>2,037,272</u>	<u>744,260</u>	<u>23,488</u>
11,701	939,363	2,624
937,219		
126,523		
58,439		
802,849		
92,438		
35		
<u>2,029,204</u>	<u>939,363</u>	<u>2,624</u>
<u>8,068</u>	<u>(195,103)</u>	<u>20,864</u>
632,000	338,225	
(592,655)	(128,292)	
<u>39,345</u>	<u>209,933</u>	
47,413	14,830	20,864
(1,881)	133,048	85,616
<u>\$ 45,532</u>	<u>\$ 147,878</u>	<u>\$ 106,480</u>
\$ 109,725	\$ 147,878	\$ 58,850
(64,193)		5
		<u>47,625</u>
<u>\$ 45,532</u>	<u>\$ 147,878</u>	<u>\$ 106,480</u>

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

**OLDHAM COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2016**  
**(Continued)**

	Unbudgeted Funds			Private Purpose	Total Funds
	General Obligation Bond Fund Series 2012	General Obligation Bond Fund Series 2014	Jail Commissary Fund	Geographical Information Consortium Trust Fund	
<b>RECEIPTS</b>					
Taxes	\$	\$	\$	\$	\$ 13,621,131
In Lieu Tax Payments					565,000
Excess Fees					345,249
Licenses and Permits					587,332
Intergovernmental		654,360		24,821	8,794,285
Charges for Services					649,975
Miscellaneous			340,489		956,282
Interest		437		517	82,477
Total Receipts		654,797	340,489	25,338	25,601,731
<b>DISBURSEMENTS</b>					
General Government					5,216,711
Protection to Persons and Property					6,916,596
General Health and Sanitation					1,774,068
Social Services				21,922	96,922
Recreation and Culture			331,349		1,856,226
Roads					2,590,534
Bus Services					58,439
Other Transportation Facilities and Services					802,849
Debt Service	83,250	654,360			1,259,029
Capital Projects		4,091,702			8,878,704
Administration					681,501
Total Disbursements	83,250	4,746,062	331,349	21,922	30,131,579
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(83,250)	(4,091,265)	9,140	3,416	(4,529,848)
<b>Other Adjustments to Cash (Uses)</b>					
Transfers From Other Funds	83,250				4,929,299
Transfers To Other Funds					(4,929,299)
Total Other Adjustments to Cash (Uses)	83,250				
Net Change in Fund Balance		(4,091,265)	9,140	3,416	(4,529,848)
Fund Balance - Beginning		7,994,572	32,070	67,250	22,259,096
Fund Balance - Ending	\$ 0	\$ 3,903,307	\$ 41,210	\$ 70,666	\$ 17,729,248
<b>Composition of Fund Balance</b>					
Bank Balance	\$	\$ 3,903,307	\$ 48,974	\$ 25,208	\$ 19,265,859
Deposits In Transit					2,977
Less Outstanding Checks			(7,764)	(167)	(1,632,838)
Certificates of Deposit				45,625	93,250
Ending Fund Balance	\$ 0	\$ 3,903,307	\$ 41,210	\$ 70,666	\$ 17,729,248

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

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TO THE FINANCIAL STATEMENT**

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**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2016**

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

**A. Reporting Entity**

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

The Oldham County Environmental Authority and the Oldham County Ambulance Taxing District would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board. However, under the regulatory basis, they are no longer are required components of the reporting entity. Audits of the following entities can be obtained from the Oldham County Fiscal Court by contacting Chief Financial Officer Stan Clark, 100 West Jefferson Street, LaGrange, KY 40031. As of the end of field work the following audits were completed: Oldham County Environmental Authority and the Oldham County Ambulance Taxing District.

**B. Basis of Accounting**

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

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

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale 90 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.



**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(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 sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

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 governments, 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.

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

Homeland Security Fund - The primary purpose of this fund is to account for some emergency equipment expenses of the county. The primary sources of receipts for this fund are federal and state grants. There was no activity in this fund in fiscal year 2016.

County Police Accounts Fund - The primary purpose of this fund is to account for additional law enforcement expenses of the county. The primary sources of receipts for this fund are fines and forfeitures.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

General Obligation Bond Fund, Series 2012 - The purpose of this fund is to account for debt service requirements of the general obligation refunding bond, Series 2012. The Department for Local Government does not require the fiscal court to report or budget this fund.

General Obligation Bond Fund, Series 2014 - The purpose of this fund is to account for debt service requirements of the general obligation bond, Series 2014 Oldham County Environmental Authority Project. The Department for Local Government does not require the fiscal court to report or budget this fund.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1). The profits generated from the sale of 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.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

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

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

**Unbudgeted Funds (Continued)**

**Private Purpose Trust Funds**

Private purpose trust funds are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The fiscal court has the following private purpose trust fund:

Oldham County Geographical Information Consortium (OGIC) Fund - This fund accounts for funds received through an interlocal agreement with various governmental agencies in Oldham County. The purpose of this agreement is to conserve public resources and prevent unnecessary duplication of services by utilization of certain technological improvements at Oldham County Planning and Development described as Geographic Information System (GIS) Technology.

**D. Budgetary Information**

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

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

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

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

The State Local Finance Officer does not require the general obligation bond funds to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from these funds annually.

**E. Oldham County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Oldham County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the Board of Education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Oldham County Fiscal Court.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

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

**E. Oldham County Elected Officials (Continued)**

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

**F. Deposits and Investments**

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

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**G. Long-term Obligations**

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

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. 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 66.480(1)(d) and KRS 41.240. As of June 30, 2016, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2016.

	General Fund	Road Fund	LGEA Fund	Central Dispatch Fund	Total Transfers In
General Fund	\$	\$ 1,012,294	\$ 592,655	\$ 76,284	\$ 1,681,233
Road Fund	1,586,140				1,586,140
Jail Fund	325,090	231,352		52,008	608,450
LGEA Fund	632,000				632,000
Central Dispatch	298,114	40,112			338,226
General Obligation Bond Fund Series 2012	83,250				83,250
Total Transfers Out	<u>\$ 2,924,594</u>	<u>\$ 1,283,758</u>	<u>\$ 592,655</u>	<u>\$ 128,292</u>	<u>\$ 4,929,299</u>

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

**Note 4. Agency Trust Funds**

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

The fiscal court has the following agency trust funds:

Planning and Zoning Bond Escrow Fund - This fund accounts for funds received from contractors and held until a project is finished. The balance in the planning and zoning bond escrow fund as of June 30, 2016 was \$791,400.

County Police Seized Funds Fund - This fund accounts for funds seized by the Oldham County Police and held until the court system issues orders on what to do with the funds. The balance in the county police seized funds fund as of June 30, 2016 was \$8,157.

**Note 5. Private Purpose Trust Funds**

Private-purpose trust funds are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The fiscal court has the following private purpose trust fund:

Oldham County Geographical Information Consortium (OGIC) Fund - This fund accounts for funds received through an interlocal agreement with various governmental agencies in Oldham County. The purpose of this agreement is to conserve public resources and prevent unnecessary duplication of services, by utilization of certain technological improvements at Oldham County Planning and Development described as Geographic Information System (GIS) Technology. The balance in the OGIC Fund as of June 30, 2016 was \$70,666.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 6. Jail Receivables**

The Oldham County Fiscal Court provides housing for inmates. The balance for accounts receivable for the jail as of June 30, 2016 was \$1,277,028.

**Note 7. Land Held For Resale**

The Oldham County Fiscal Court issued general obligation notes of \$5,438,377, series 2008, dated November 25, 2008, for the purpose of refunding some of the Oldham-LaGrange Development Authority's (OLDA), a joint venture of the Oldham County Fiscal Court and the City of LaGrange; General Obligation Lease Revenue Notes, Series A, 2005 and Series B, 2005 dated July 1, 2005. The fiscal court is to be paid from land sales by OLDA. In January 2012, the fiscal court paid off Series C of General Obligation Lease Revenue Notes of \$2,275,000 for OLDA.

In addition to debt principal, the fiscal paid interest on behalf of OLDA of \$101,950 in fiscal year 2016. As of June 30, 2016, the fiscal court is due \$11,072,633 in proceeds from sale of land held by OLDA.

	Beginning Balance	Additions	Reductions	Ending Balance
OLDA	\$ 10,970,683	101,950	\$	\$ 11,072,633
Total	<u>\$ 10,970,683</u>	<u>\$ 101,950</u>	<u>\$ 0</u>	<u>\$ 11,072,633</u>

**Note 8. Long-term Debt**

**A. Oldham County Environmental Authority-Financing Obligations and Note Receivable**

On June 14, 2001, the fiscal court, on behalf of the Oldham County Environmental Authority (formerly the Sewer District) entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$4,000,000 at an interest rate of 4.94% for acquisition of various local wastewater treatment facilities, renovation thereto, and the professional and administrative fees incurred in this acquisition. The lease term is for 30 years with the balance to be paid in full on January 20, 2031. The Oldham County Environmental Authority makes the principal and interest payments to U.S. Bank (the trustee). The principal and note receivable balance on the lease was \$2,720,000 as of June 30, 2016. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

June 30	Principal	Scheduled Interest
2017	\$ 125,000	\$ 152,644
2018	130,000	145,373
2019	140,000	137,697
2020	145,000	129,568
2021	150,000	120,437
2022-2026	885,000	463,225
2027-2031	<u>1,145,000</u>	<u>176,389</u>
Totals	<u>\$ 2,720,000</u>	<u>\$ 1,325,333</u>

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 8. Long-term Debt (Continued)**

**B. General Obligation Bonds, Refunding Series 2009 and Note Receivable - Oldham County Sewer District Project**

The Oldham County Fiscal Court issued general obligation notes of \$7,335,000, Series 2009, dated October 22, 2009, for the purpose of refunding the 2005 Lease Project of the Oldham County Sewer District Lease Purchase Agreement dated December 13, 2005. The 2009 series bonds were issued at varying interest rates ranging from 2.0% to 4.0% and will be retired by October 1, 2029. Interest payments are due on April 1 and interest and principal on October 1. The Oldham County Sewer District makes the principal and interest payments to the trustee. The principal and note receivable balance on the bonds was \$5,810,000 as of June 30, 2016. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	\$ 330,000	\$ 210,145
2018	335,000	200,335
2019	350,000	189,622
2020	360,000	177,995
2021	370,000	165,765
2022-2026	2,080,000	608,637
2027-2030	1,985,000	162,500
Less Accrued Interest		(14,483)
Totals	<u>\$ 5,810,000</u>	<u>\$ 1,700,516</u>

**C. General Obligation Bonds, Refunding Series 2012**

The Oldham County Fiscal Court issued general obligation bonds of \$4,055,000, Series 2012, dated December 19, 2012, for the purpose of refunding all or a portion of its outstanding County of Oldham, Kentucky General Obligation Bonds (Courthouse Annex Project), Series 2002, dated June 1, 2002, in the original principal amount of \$3,170,000 and General Obligation Lease Agreement (the "2005D Lease") with the Oldham-LaGrange Development Authority, in connection with the issuance of the Oldham-LaGrange Development Authority General Obligation Lease Revenue Bonds (County of Oldham) 2005 Series D, dated July 1, 2005, in the original principal amount of \$2,720,000. The 2012 series bonds were issued at varying interest rates ranging from 2.0% to 2.5% and will be retired by December 1, 2030. Interest payments are due on June 1 and interest and principal on December 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	\$ 160,000	\$ 81,650
2018	515,000	74,900
2019	530,000	64,450
2020	535,000	53,800
2021	550,000	42,950
2022-2026	1,065,000	116,800
2027-2031	700,000	43,150
Totals	<u>\$ 4,055,000</u>	<u>\$ 477,700</u>

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 8. Long-term Debt (Continued)**

**D. General Obligation Note, Refunding Series 2012**

The Oldham County Fiscal Court issued general obligation notes of \$3,075,000, Series 2012, dated November 30, 2012, for the purpose of financing the costs (not otherwise provided) of refinancing and refunding the outstanding County of Oldham, Kentucky General Obligation Refunding Notes (Oldham Reserve Project), Series 2008 (note 7D). The 2012 series notes were issued at an interest rate of 0.80% and will be retired by December 1, 2016. Interest payments are due on June 1 (one principal payment due June 1, 2014) and interest and principal on December 1. Principal payment requirements and scheduled interest for the retirement of the notes are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	\$ 350,000	\$ 1,400
Totals	\$ 350,000	\$ 1,400

**E. General Obligation Bonds, Refunding Series 2014 - Oldham County Environmental Authority  
Project And Note Receivable**

The Oldham County Fiscal Court on behalf of the Oldham County Environmental Authority (formerly the Sewer District) issued general obligation bonds of \$9,790,000 Series 2014, dated November 1, 2014, for construction of certain extensions, additions, and improvements to various local wastewater treatment facilities. The 2014 series bonds were issued at varying interest rates ranging from 3.0% to 3.2% and will be retired by December 1, 2034. The Oldham County Environmental Authority makes the principal and interest payments to the fiscal court. Interest payments are due on June 1 and interest and principal on December 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	\$ 375,000	\$ 283,335
2018	385,000	271,935
2019	395,000	260,235
2020	410,000	248,160
2021	420,000	235,710
2022-2026	2,305,000	978,375
2027-2031	2,680,000	604,530
2032-2035	2,460,000	160,640
Totals	\$ 9,430,000	\$ 3,042,920

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 8. Long-term Debt (Continued)**

**F. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 19,975,000	\$	\$ 680,000	\$ 19,295,000	\$ 865,000
General Obligation Notes	765,000		415,000	350,000	350,000
Financing Obligations	2,840,000		120,000	2,720,000	125,000
Total Long-term Debt	<u>\$ 23,580,000</u>	<u>\$ 0</u>	<u>\$ 1,215,000</u>	<u>\$ 22,365,000</u>	<u>\$ 1,340,000</u>

**Note 9. Commitments**

Oldham-LaGrange Development Authority, a joint venture of the Oldham County Fiscal Court and City of LaGrange, issued General Obligation Lease Revenue Notes, 2005 Series A, 2005 Series B, 2005 Series C, and 2005 Series D dated July 1, 2005 for \$10,000,000, for the purchase of land and infrastructure improvements thereto, to be used for economic development purposes. These bonds were issued at varying interest rates ranging from 3.75% to 4.4%. On November 25, 2008, the Oldham County Fiscal Court advance refunded the entire Series A and Series B notes. The series C was paid in full in fiscal year 2012. The fiscal court paid the principal of \$90,000, interest of \$95,795 for Series D in fiscal year 2014. The principal balance on series D was paid in full on November 13, 2015. Also see Note 6 Land Held for Resale.

**Note 10. Contingencies**

The county is involved in one lawsuit that arose from the normal course of doing business. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

**Note 11. 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 (KRS). This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous and hazardous duty positions in the county. The Plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.06 percent.

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 32.95 percent.



**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 11. Employee Retirement System (Continued)**

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

The county's contribution for FY 2014 was \$1,472,899, FY 2015 was \$1,751,437, and FY 2016 was \$1,694,150.

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

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

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

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

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn 10 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives 10 dollars per month for insurance benefits for each year of the deceased employee's hazardous service.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 11. Employee Retirement System (Continued)**

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.

KRS also issues a proportionate share audit report that includes the total pension liability for CERS determined by actuarial valuation as well as each participating county's proportionate share. The Schedules of Employer Allocations and Pension Amounts by Employer report and the related actuarial tables are available online at <https://kyret.ky.gov/employers/GASB/Pages/GASB-Library.aspx>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

**Note 12. Deferred Compensation**

On February 4, 2000, the Oldham County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

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

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the 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 13. Flexible Spending Account**

The Oldham County Fiscal Court, in a fiscal court order established a flexible spending account to provide employees an additional health and dependent care benefit. The county has contracted with a third-party administrator to administer the plan. The balance of the plan is \$704 as of June 30, 2016.

**Note 14. Insurance**

For the fiscal year ended June 30, 2016, the Oldham County Fiscal Court 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 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.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 15. Related Party Transactions**

An assistant county attorney received \$3,541 in land closing fees from the fiscal court.

**Note 16. Conduit Debt**

From time to time the county has issued bonds to provide financial assistance to a local company for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments.

Although conduit debt obligations bear the Oldham County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2016, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 17. Subsequent Events**

On December 6, 2016, the Oldham County Fiscal Court issued general obligation bonds in the amount of \$7,620,000, for the Oldham County detention center project.

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

**For The Year Ended June 30, 2016**



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

**For The Year Ended June 30, 2016**

	<b>GENERAL FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 11,533,050	\$ 11,533,050	\$ 12,211,048	\$ 677,998
In Lieu Tax Payments	565,000	565,000	565,000	
Excess Fees	287,300	287,300	345,249	57,949
Licenses and Permits	460,545	460,545	587,332	126,787
Intergovernmental	3,001,546	3,006,846	3,223,906	217,060
Charges for Services	536,960	536,960	480,046	(56,914)
Miscellaneous	527,237	552,738	427,480	(125,258)
Interest	16,500	16,500	70,990	54,490
Total Receipts	<u>16,928,138</u>	<u>16,958,939</u>	<u>17,911,051</u>	<u>952,112</u>
<b>DISBURSEMENTS</b>				
General Government	5,576,623	5,632,509	5,216,711	415,798
Protection to Persons and Property	4,060,923	4,091,954	3,787,456	304,498
General Health and Sanitation	945,853	949,913	836,849	113,064
Social Services	75,000	75,000	75,000	
Recreation and Culture	1,650,184	1,655,448	1,398,354	257,094
Debt Service	964,396	964,396	521,419	442,977
Capital Projects	10,000,000	10,000,000	4,694,564	5,305,436
Administration	7,984,013	7,903,687	681,466	7,222,221
Total Disbursements	<u>31,256,992</u>	<u>31,272,907</u>	<u>17,211,819</u>	<u>14,061,088</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(14,328,854)</u>	<u>(14,313,968)</u>	<u>699,232</u>	<u>15,013,200</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			1,681,233	1,681,233
Transfers To Other Funds	(2,618,786)	(2,633,675)	(2,924,594)	(290,919)
Bond Sale Proceeds	9,860,000	9,860,000		(9,860,000)
Total Other Adjustments to Cash (Uses)	<u>7,241,214</u>	<u>7,226,325</u>	<u>(1,243,361)</u>	<u>(8,469,686)</u>
Net Change in Fund Balance	(7,087,640)	(7,087,643)	(544,129)	6,543,514
Fund Balance Beginning	<u>7,087,640</u>	<u>7,087,640</u>	<u>11,981,689</u>	<u>4,894,049</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (3)</u>	<u>\$ 11,437,560</u>	<u>\$ 11,437,563</u>

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2016**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 600,000	\$ 600,000	\$ 600,000	\$
Intergovernmental	1,674,690	1,731,290	1,683,777	(47,513)
Miscellaneous			4,375	4,375
Interest	10,000	10,000	9,883	(117)
Total Receipts	<u>2,284,690</u>	<u>2,341,290</u>	<u>2,298,035</u>	<u>(43,255)</u>
<b>DISBURSEMENTS</b>				
Roads	3,080,934	3,141,152	2,590,534	550,618
Total Disbursements	<u>3,080,934</u>	<u>3,141,152</u>	<u>2,590,534</u>	<u>550,618</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(796,244)</u>	<u>(799,862)</u>	<u>(292,499)</u>	<u>507,363</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	796,244	799,862	1,586,140	786,278
Transfers To Other Funds			(1,283,758)	(1,283,758)
Total Other Adjustments to Cash (Uses)	<u>796,244</u>	<u>799,862</u>	<u>302,382</u>	<u>786,278</u>
Net Change in Fund Balance			9,883	9,883
Fund Balance Beginning			<u>1,966,732</u>	<u>1,966,732</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,976,615</u>	<u>\$ 1,976,615</u>



**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2016**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 909,937	\$ 990,637	\$ 1,322,595	\$ 331,958
Charges for Services	195,921	195,921	167,398	(28,523)
Miscellaneous	66,359	66,359	77,008	10,649
Total Receipts	<u>1,172,217</u>	<u>1,252,917</u>	<u>1,567,001</u>	<u>314,084</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	<u>2,116,708</u>	<u>2,204,250</u>	<u>2,175,452</u>	<u>28,798</u>
Total Disbursements	<u>2,116,708</u>	<u>2,204,250</u>	<u>2,175,452</u>	<u>28,798</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(944,491)</u>	<u>(951,333)</u>	<u>(608,451)</u>	<u>342,882</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>944,491</u>	<u>951,333</u>	<u>608,451</u>	<u>(342,882)</u>
Total Other Adjustments to Cash (Uses)	<u>944,491</u>	<u>951,333</u>	<u>608,451</u>	<u>(342,882)</u>
Net Change in Fund Balance				
Fund Balance Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2016**  
**(Continued)**

<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 126,000	\$ 126,000	\$ 151,198	\$ 25,198
Intergovernmental	6,168,840	7,384,999	1,796,301	(5,588,698)
Charges for Services	9,280	9,280	2,531	(6,749)
Miscellaneous			87,037	87,037
Interest	500	500	205	(295)
Total Receipts	<u>6,304,620</u>	<u>7,520,779</u>	<u>2,037,272</u>	<u>(5,483,507)</u>
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property	124,390	74,390	11,701	62,689
General Health and Sanitation	75,000	1,333,659	937,219	396,440
Recreation and Culture	310,260	310,260	126,523	183,737
Bus Services	51,000	58,500	58,439	61
Other Transportation Facilities and Services	6,182,186	6,148,151	802,849	5,345,302
Capital Projects	135,308	169,308	92,438	76,870
Administration		35	35	
Total Disbursements	<u>6,878,144</u>	<u>8,094,303</u>	<u>2,029,204</u>	<u>6,065,099</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(573,524)</u>	<u>(573,524)</u>	<u>8,068</u>	<u>581,592</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	573,524	573,524	632,000	58,476
Transfers To Other Funds			(592,655)	(592,655)
Total Other Adjustments to Cash (Uses)	<u>573,524</u>	<u>573,524</u>	<u>39,345</u>	<u>(534,179)</u>
Net Change in Fund Balance			47,413	47,413
Fund Balance Beginning			<u>(1,881)</u>	<u>(1,881)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,532</u>	<u>\$ 45,532</u>

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2016**  
**(Continued)**

<b>CENTRAL DISPATCH FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 657,474	\$ 657,474	\$ 658,885	\$ 1,411
Intergovernmental	85,375	85,375	85,375	
Total Receipts	<u>742,849</u>	<u>742,849</u>	<u>744,260</u>	<u>1,411</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,047,376	1,051,802	939,363	112,439
Total Disbursements	<u>1,047,376</u>	<u>1,051,802</u>	<u>939,363</u>	<u>112,439</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(304,527)</u>	<u>(308,953)</u>	<u>(195,103)</u>	<u>113,850</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	304,527	308,956	338,225	29,269
Transfers To Other Funds			(128,292)	(128,292)
Total Other Adjustments to Cash (Uses)	<u>304,527</u>	<u>308,956</u>	<u>209,933</u>	<u>(99,023)</u>
Net Change in Fund Balance		3	14,830	14,827
Fund Balance Beginning			<u>133,048</u>	<u>133,048</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 147,878</u>	<u>\$ 147,875</u>

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2016**  
**(Continued)**

**COUNTY POLICE ACCOUNTS FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$	\$ 3,150	\$ 3,150
Miscellaneous	11,500	11,500	19,893	8,393
Interest	700	700	445	(255)
Total Receipts	<u>12,200</u>	<u>12,200</u>	<u>23,488</u>	<u>11,288</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	12,200	12,200	2,624	9,576
Total Disbursements	<u>12,200</u>	<u>12,200</u>	<u>2,624</u>	<u>9,576</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>20,864</u>	<u>20,864</u>
Net Change in Fund Balance			20,864	20,864
Fund Balance Beginning			<u>85,616</u>	<u>85,616</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 106,480</u>	<u>\$ 106,480</u>

**OLDHAM COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - BUDGETARY COMPARISON SCHEDULES**

**June 30, 2016**

**Note 1. Budgetary Information**

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

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

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

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**OLDHAM COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2016**





**OLDHAM COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2016**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 2,563,647			\$ 2,563,647
Construction In Progress	3,367,473	5,794,272	1,021,805	8,139,940
Buildings	16,180,335	21,715		16,202,050
Land and Building Improvements	3,167,553	43,185	12,560	3,198,178
Vehicles	3,646,312	444,880	228,005	3,863,187
Equipment	4,320,492	260,139	22,551	4,558,080
Infrastructure	24,595,818	2,156,300		26,752,118
 Total Capital Assets	 <u>\$ 57,841,630</u>	 <u>\$ 8,720,491</u>	 <u>\$ 1,284,921</u>	 <u>\$ 65,277,200</u>

**OLDHAM COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - SCHEDULE OF CAPITAL ASSETS**

**June 30, 2016**

**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	\$ 5,000	20-25
Buildings and Building Improvements	\$ 5,000	10-60
Equipment	\$ 5,000	3-20
Vehicles	\$ 5,000	3-12
Infrastructure	\$ 5,000	12-25

**OLDHAM COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



**OLDHAM COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Fiscal Year Ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Total Federal Expenditures
<b><u>U. S. Department of the Interior-National Park Service</u></b>			
<i>Passed-Through From Kentucky Department for Local Government</i>			
Outdoor Recreation-Acquisition, Development and Planning	15.916	21-01454	\$ 261
<b>Total U.S. Department of Department of the Interior-National Park Service</b>			<b>261</b>
<b><u>U. S. Department of Justice</u></b>			
<i>Direct Program:</i>			
Equitable Sharing Program	16.922	N/A	2,623
<b>Total U.S. Department of Justice</b>			<b>2,623</b>
<b><u>U. S. Department of Transportation</u></b>			
<i>Passed-Through From Kentucky Transportation Cabinet</i>			
<b>Highway Planning and Construction Cluster</b>			
Highway Planning and Construction	20.205	05-440.10	745
Highway Planning and Construction	20.205	PO2-628-1100002900	10,923
Highway Planning and Construction	20.205	PO2-625-1400005581	110,000
Highway Planning and Construction	20.205	05-434	49,203
Highway Planning and Construction	20.205	05-754.00	25,896
<i>Passed-Through From Kentucky Transportation Cabinet</i>			
<b>Highway Safety Cluster</b>			
State and Community Highway Safety	20.600	PT 16-42	32,016
State and Community Highway Safety	20.600	PT 15-35	18,655
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	M5HVE2015-45-27	3,580
Occupant Protection Incentive Grants	20.602	M2HVE2016MG0032	2,000
<b>Total U.S. Department of Transportation</b>			<b>253,018</b>
<b><u>U. S. Environmental and Public Protection Agency</u></b>			
<i>Passed-Through From Kentucky Division of Water</i>			
Nonpoint Source Implementation Grants	66.460	PON2-129-1300001687-1	50,244
Nonpoint Source Implementation Grants	66.460	PON2-129-1500001111-1	30,649
<b>Total U.S. Environmental and Public Protection Agency</b>			<b>\$ 80,893</b>

**OLDHAM COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Year Ended June 30, 2016**  
**(Continued)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Total Federal Expenditures
<b><u>U. S. Department of Health and Human Services</u></b>			
<i>Direct Program</i>			
Drug Free Communities Support Program Grants	93.276	N/A	\$ 123,715
<b>Total U.S. Department of Health and Human Services</b>			<b>123,715</b>
<b><u>U. S. Department of Homeland Security</u></b>			
<i>Passed-Through From Kentucky Division of Emergency Management</i>			
Flood Mitigation Assistance	97.029	PON2-095-1500001780-1 **	813,504
Emergency Management Performance Grants	97.042	PON2-095-1600000335-01	21,435
Emergency Management Performance Grants	97.042	PON2-095-1500000654-01	2,042
<b>Total U.S. Department of Homeland Security</b>			<b>836,981</b>
<b>Total Federal Expenditures</b>			<b>\$ 1,297,491</b>

\*\* Tested as Major Program or Cluster

**OLDHAM COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Year Ended June 30, 2016**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Oldham County, Kentucky under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Oldham County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Oldham County, Kentucky.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

The Oldham County Fiscal Court has not adopted an indirect cost rate.

**Note 4. Noncash Expenditures**

There were no noncash expenditures of federal awards for fiscal year 2016.

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





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

The Honorable David Voegelé, Oldham County Judge/Executive  
Members of the Oldham County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Oldham County Fiscal Court for the fiscal year ended June 30, 2016 and the related notes to the financial statement which collectively comprise the Oldham County Fiscal Court's financial statement and have issued our report thereon dated February 13, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Oldham County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Oldham County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oldham 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies 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. We did identify certain deficiencies in internal control, which are described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies as items 2016-001 and 2016-002.



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Oldham 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*.

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

The Oldham County Judge/Executive's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. The county judge/executive's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

### **Purpose of this Report**

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

Respectfully submitted,

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

Mike Harmon  
Auditor of Public Accounts

February 13, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH UNIFORM GUIDANCE**





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

The Honorable David Voegelé, Oldham County Judge/Executive  
Members of the Oldham County Fiscal Court

Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance

Independent Auditor's Report

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

We have audited the Oldham County Fiscal Court's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Oldham County Fiscal Court's major federal programs for the year ended June 30, 2016. The Oldham County Fiscal Court's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Oldham County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Oldham County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With Uniform Guidance  
(Continued)

**Opinion on Each Major Federal Program**

In our opinion, the Oldham County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**Report on Internal Control over Compliance**

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

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

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

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

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

February 13, 2017



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

**For The Year Ended June 30, 2016**



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

**Fiscal Year Ended June 30, 2016**

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

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis.

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

***Federal Awards***

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs <i>unmodified</i>		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.029	Flood Mitigation Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**OLDHAM COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2016**  
**(Continued)**

**Section II: Financial Statement Findings**

2016-001 The Oldham County Fiscal Court Is Not Reporting Transfers And Beginning Balances Accurately On The Fourth Quarterly Report

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During testing, auditors noted the following issues with financial reporting on the fourth quarterly report:

- Transfers in and out on various funds are being netted.
- A transfer from general fund to the LGEA fund of \$632,000 was not booked on the fourth quarterly report.
- A transfer in from LGEA fund to general fund of \$592,655 was not booked on the fourth quarterly report.
- The LGEA fund balance reported on the fourth quarterly report was (\$249,468).
- The prior year audit adjustments were approved by county management but were not booked, so the beginning balance (prior year carryover) was not reported accurately.

According to county staff:

- The transfers are netted for ease of reporting on the fourth quarterly report.
- The transfer to the LGEA fund of \$632,000 and transfer from the LGEA fund of \$592,655 was not booked on the fourth quarterly report due to county staff thinking of this transaction as a loan from the general fund to the LGEA fund, not a transfer.
- The LGEA fund balance was negative due to the transfers being reported incorrectly and staff not reviewing the fourth quarterly report to ensure accurate and complete reporting.
- County management has signed off on the prior year adjustments in the past with no intention to book the adjustments because they thought they should sign the adjustments but did not agree to them.

The result of the financial reporting issues noted:

- When transfers are netted, the transfer in amount and transfer out amount are not reported in the correct codes and it cannot be seen what amounts are moving from one fund to another easily, increasing the risk of incorrect reporting of transfers and a misstatement of fund balances. In fact, the transfer to LGEA fund of \$632,000 and the transfer from LGEA fund of \$592,655 were not reported on the general fund or the LGEA fund on the fourth quarterly report. This resulted in a misstatement of the general fund balance of (\$39,345), and a misstatement of the LGEA fund balance of \$39,345.
- The prior year audit adjustments were agreed to by county management, but not booked, resulting in the following adjustments to beginning balances on the fourth quarterly report:

Fund	Beginning Balance Adjustment
General	(\$1,256,486)
LGEA	255,655
Dispatch	133,048
Police	(7,739)
Total	(\$875,522)

**OLDHAM COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2016**  
**(Continued)**

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

2016-001 The Oldham County Fiscal Court Is Not Reporting Transfers And Beginning Balances  
 Accurately On The Fourth Quarterly Report (Continued)

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The Department for Local Government's *County Budget Preparation And State Local Finance Officer Policy Manual* explains that transfers in and out should be clearly reported on the fourth quarterly report using specific account codes for transfer in and transfer out in order for amounts of transfers to be reconciled between funds easily. The transfers in and transfers out amounts are to be included in receipts and disbursements to calculate ending fund balance.

Strong internal controls require all transfers to be clearly reported between funds, adjustments be accurately reported and that financial reports be reviewed to ensure they agree to the bank reconciliations and county ledgers.

We recommend the fiscal court implement procedures to ensure:

- All transfers in are reported separately from transfers out on the fourth quarterly report, using the account codes 4909 and 4910.
- Recommended adjustments that are agreed to by county management be booked to the ledgers.
- The fourth quarterly report should be reviewed to ensure all receipts, transfers in, disbursements, transfers out, adjustments, and balances are reported accurately and that they agree to the bank reconciliations and county's ledgers.

Views of Responsible Official and Planned Corrective Action:

*The books of Oldham County Fiscal Court accurately reflect the balances of all accounts. On the 4<sup>th</sup> Quarter report, numbers are combined to balance the report. Reviewing the "adjustments to beginning balances on the 4<sup>th</sup> Quarter Report", it is obvious that we are being asked to break out certain accounts that we have combined.*

*The General Fund beginning balances on the 4<sup>th</sup> Quarter Report includes:*

- *OCD CAD Inter-local account (Central Dispatch Fund)*
- *P&Z Cash Bonds*
- *Geographic Information Consortium Fund Inter-local account*
- *We also included in Police Funds the Seized Account Funds.*

*During prior year audits, we were told us to include these accounts on the "books" and therefore we do. At one time, we were told to include LEPC funds on the 4<sup>th</sup> Quarter Report, but last year we were told to stop including it.*

*It is the goal of Oldham County Fiscal Court to include balances on the 4<sup>th</sup> Quarter Report as desired by the State Auditor. However, we ask for guidance:*

1. *How do we show the Central Dispatch Fund? Do we create a new major fund code? How are changes shown and handled?*
2. *P&Z Cash Bonds: it appears that these are not to be shown now on the quarterly report. So, in the future should these be excluded from the report, but still shown on our General Ledger?*
3. *Geographic Information Consortium Fund: we assume the treatment would be the same as the Central Dispatch Fund. What major fund code number should be used for this?*

**OLDHAM COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2016**  
**(Continued)**

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

2016-001 The Oldham County Fiscal Court Is Not Reporting Transfers And Beginning Balances  
 Accurately On The Fourth Quarterly Report (Continued)

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Views of Responsible Official and Planned Corrective Action (Continued):

*Guidance is also needed for reporting small balances that are actually payables or receivables. It has been our practice, based on prior guidance from the State, to treat these as outstanding checks per se by adjusting the cash number reported. For instance, our last payroll for FY16 was paid on June 30, 2016 and it was impossible to pay the retirement withheld by June 30, 2016. The withholding of \$11,113.54 was shown as part of cash. It appears these amounts on the audit report on shown as general government. So, are we to assume that in the case of the retirement that was withheld and not paid by June 30, we reduce our payroll expense?*

*We have not made adjustments to the books of Oldham County Fiscal Court as no adjustments were needed. However, we do agree that the 4<sup>th</sup> Quarter Report combines several of the items shown separately on the audit report and includes items not shown on the audit report.*

*Oldham County Fiscal Court will show beginning balances on future quarterly reports that match the audit report.*

*We do seek guidance how to correctly show this.*

Auditor's Reply:

The Department for Local Government is the state agency that prescribes the minimum accounting requirements for county budget preparation and financial statement reporting. The Department for Local Government has issued the *County Budget Preparation and State Local Finance Officer Policy Manual* that provides the necessary information for counties to manage available financial resources. The Auditor of Public Accounts audits according to the policies outlined in this manual. We recommend the Oldham County Fiscal Court review the policies as set forth by the Department for Local Government.

2016-002 The Oldham County Fiscal Court Did Not Approve Individual Transfers Between Funds

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The county made total transfers in (column B) and transfers out (column C). The county presented transfers between funds as "netted" amounts to the fiscal court for approval, as shown in column E below. The fiscal court approved the transfers on March 31, 2016 and June 30, 2016. As shown in the calculations below in Column D, the net of the transfers in to the transfers out is zero. The difference in the calculated net amount in Column D and the net amount presented to the fiscal court in Column E agrees in total, at \$1,713,584. However, the fiscal court was not presented the individual transfers to see how each transfer would affect receipts and disbursements for the funds as they occurred during the fiscal year.



**OLDHAM COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2016**  
**(Continued)**

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

2016-002 The Oldham County Fiscal Court Did Not Approve Individual Transfers Between Funds  
(Continued)

A Fund	B Total Transfers In To Fund	C Total Transfers Out From Fund	D Difference (Transfers In Less Transfers Out)	E Transfers Presented by the County to the Fiscal Court in Net Amount	F Difference (Calculated Net Amount - Col. D Less Amount Approved - Col. E)
General	\$1,681,233	\$2,924,594	(\$1,243,361)		(\$1,243,361)
Road	1,586,140	1,283,758	302,382	\$302,358	24
Jail	608,450		608,450	1,072,855	(464,405)
LGEA	632,000	592,655	39,345		39,345
Central Dispatch	338,226	128,292	209,934	338,371	(128,437)
General Obligation Bond	83,250		83,250		83,250
<b>Total</b>	<b>\$4,929,299</b>	<b>\$4,929,299</b>	<b>\$0</b>	<b>\$1,713,584</b>	<b>(\$1,713,584)</b>

The county presented transfers to the fiscal court in the net amount, which does not allow fiscal court members to see each individual transfer and how it affects the corresponding fund receipts and disbursements. This significantly increases the risk that the fiscal court may not have a clear understanding of fund balances to make informed, effective financial decisions.

According to the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* the fiscal court should constantly be monitoring receipts and disbursements. If the fiscal court wants to make a transfer from one fund to another, the fiscal court should be checking to see how that transfer will affect total receipts and the effect on the remaining expenditures in that fund. Each individual transfer should be approved by a fiscal court order.

We recommend the treasurer prepare a court order for each transfer between funds to be presented to the fiscal court for approval. Approval of each transfer should be documented in the fiscal court minutes.

Views of Responsible Official and Planned Corrective Action:

*The treasurer will comply with State Auditor recommendations, and will present a court order to fiscal court for each transfer between funds.*



**OLDHAM COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal Year Ended June 30, 2016  
(Continued)**

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

**Section II: State Laws And Regulations**

**None.**

**Section III: Federal Award Findings And Questioned Costs**

**None.**

**Section IV: Summary Schedule of Prior Audit Findings**

**None.**

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

**OLDHAM COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2016**



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

For The Fiscal Year Ended June 30, 2016

The Oldham 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.



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County Judge/Executive



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County Treasurer

