



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CAMPBELL COUNTY FISCAL COURT

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson Secretary

Finance and Administration Cabinet

The Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbell County Fiscal Court (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for purposes of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023 on our consideration of the County'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 solely 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 effectiveness of the County's 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 County's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
January 25, 2023

**CAMPBELL COUNTY OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2021**

Fiscal Court Members

Steve Pendery	County Judge/Executive
Brain Painter	Commissioner
Tom Lampe	Commissioner
Geoff Besecker	Commissioner

Other Elected Officials

Steven J. Franzen	County Attorney
James A. Daley	Jailer
Jim Luersen	County Clerk
Taunya Nolan Jack	Circuit Court Clerk
Mike Jansen	Sheriff
Daniel Braun	Property Valuation Administrator
Mark Schweitzer	Coroner

Appointed Personnel

Matthew W. Elberfeld	Deputy Judge/Executive/County Administrator
Marie M. Schenkel	Finance Director/Treasurer
Brett Burcham	Occupational Tax Collector
Laura Lewis	Finance Director/Treasurer – Effective July 1, 2022

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021
Unaudited**

Management's discussion and analysis (MD&A) of the Campbell County Fiscal Court's (the County) financial performance provides a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the County's financial statements that begin on page 14.

Financial Highlights

- Campbell County's net position was \$29,897,001 as of June 30, 2021, of which (\$5,654,983) is unrestricted. In the business-type activities, cash and cash equivalents were \$2,052,687, with total net position of \$2,068,380. Total debt principal outstanding as of June 30, 2021 was \$14,535,000 with \$1,780,000 due within one year.
- The County's total net position increased by \$3,910,354 during the current year. Revenues increased overall by approximately 14%. In the Fall of 2020, the County received approximately \$4.3 million through the Coronavirus Relief Fund (CRF). These funds account for the majority of the revenue increase. Expenses increased 1.0% over the prior year.
- At the close of the current fiscal year, the County's balance sheet for governmental funds reported a fund balance of \$35,801,017. Of this amount, \$19,993,430 is available for spending at the government's discretion (unassigned fund balance).

Overview of the Financial Statements

The MD&A serves as an introduction to the County's basic financial statements, which consists of two government wide financial statements and various fund financial statements. The County's financial statements and components are listed and explained below:

Government Wide Financial Statements

The government wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. All amounts are reported on the accrual basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expense, and related assets and liabilities.

The statement of net position presents information on all of the County's (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decrease in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the fiscal year.

The government wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The County's governmental activities include the general government, protection to persons and property, general health and sanitation, social services, recreation and culture, roads, and bus services. The County has three business type activities: A.J. Jolly Park Fund (public properties corporation), A.J. Jolly Golf Course Fund, and Jail Commissary Fund.

The government wide financial statements include not only Campbell County Fiscal Court itself (known as the primary government), but also legally separate entities, which have a significant operation or financial relationship with the County. The County has one such entity: A.J. Jolly Park Fund (public properties corporation).

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021
Unaudited
(Continued)**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses funding accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. However, unlike the government wide financial statements, governmental funds focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains multiple individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Jail Fund, Federal Grants Fund, Housing Choice Voucher Program, and TANK Payroll Tax Fund, all of which are considered major funds by the County. The Mental Health Fund, Senior Citizens Fund, and Developers Escrow Fund are considered non-major funds and are represented in a combined form.

The County adopts an annual appropriated budget for its major governmental funds. A budgetary comparison schedule has been provided for each of these funds to demonstrate compliance with their budgets.

- Proprietary funds provide the same type of information as the business-type activities column on the government wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the A.J. Jolly Park Fund, A.J. Jolly Golf Course Fund, and Jail Commissary Fund. The A.J. Jolly Park Fund is considered a non-major fund.
- Fiduciary funds are used to account for held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County currently has three fiduciary funds: Occupational Tax Fund, Flexible Spending Account, and Jail Inmate Fund. These three funds are custodial funds.

Notes to the Financial Statements

The notes to the financial statements (pages 26–60) provide expanded explanation about the government wide and fund financial statements and are essential to the reader in obtaining a better understanding of the information provided within the financial statements.

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021
Unaudited
(Continued)**

Financial Analysis of the County as a Whole

The following sections provide condensed financial information derived from the two government wide financial statements along with a comparison of the prior year.

STATEMENTS OF NET POSITION

	Governmental Activities		Business Activities		Total	
	FY21	FY20	FY21	FY20	FY21	FY20
Current Assets	\$ 45,907,182	\$ 28,860,801	\$ 2,101,402	\$ 1,561,432	\$ 48,008,584	\$ 30,422,233
Capital Assets	46,534,911	46,740,780	990,716	1,014,089	47,525,627	47,754,869
Total Assets	92,442,093	75,601,581	3,092,118	2,575,521	95,534,211	78,177,102
Deferred Outflows of Resources	14,055,280	11,094,153	316,950	223,126	14,372,230	11,317,279
Total Assets and Deferred Outflows of Resources	106,497,373	86,695,734	3,409,068	2,798,647	109,906,441	89,494,381
Current Liabilities	11,950,614	2,931,219	70,992	38,421	12,021,606	2,969,640
Noncurrent Liabilities	64,745,936	56,106,420	1,223,599	888,809	65,969,535	56,995,229
Total Liabilities	76,696,550	59,037,639	1,294,591	927,230	77,991,141	59,964,869
Deferred Inflows of Resources	1,972,202	3,469,251	46,097	73,614	2,018,299	3,542,865
Total Liabilities and Deferred Inflows of Resources	78,668,752	62,506,890	1,340,688	1,000,844	80,009,440	63,507,734
Net Investment in Capital Assets	32,349,523	30,861,855	990,716	1,014,089	33,340,239	31,875,944
Restricted						
Social Services	462,565	317,324	-	-	462,565	317,324
Protection to Persons and Property	1,124,017	712,708	-	-	1,124,017	712,708
Roads	625,163	1,157,910	-	-	625,163	1,157,910
Unrestricted	(6,732,647)	(8,860,953)	1,077,664	783,714	(5,654,983)	(8,077,239)
Total Net Position	\$ 27,828,621	\$ 24,188,844	\$ 2,068,380	\$ 1,797,803	\$ 29,897,001	\$ 25,986,647

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021
Unaudited
(Continued)**

STATEMENTS OF ACTIVITIES

	Governmental Activities		Business Activities		Total	
	FY21	FY20	FY21	FY20	FY21	FY20
Revenues						
<u>Program Revenues:</u>						
Charges for Services	\$ 6,476,294	\$ 7,616,416	\$ 2,388,345	\$ 1,815,047	\$ 8,864,639	\$ 9,431,463
Operating Grants and Contributions	11,800,778	7,105,592	-	-	11,800,778	7,105,592
Capital Grants and Contributions	164,089	72,431	-	-	164,089	72,431
Program Revenues Funded	<u>18,441,161</u>	<u>14,794,439</u>	<u>2,388,345</u>	<u>1,815,047</u>	<u>20,829,506</u>	<u>16,609,486</u>
<u>General Revenue:</u>						
Taxes	26,311,368	24,477,533	-	-	26,311,368	24,477,533
Rental Motor Vehicle License Fee	61,075	64,729	-	-	61,075	64,729
Insurance License Fee/Tax	2,510,769	2,473,085	-	-	2,510,769	2,473,085
Excess Fees	1,167,252	963,400	-	-	1,167,252	963,400
Unrestricted Investment Earnings	1,923	153,003	74	103	1,997	153,106
Miscellaneous Revenues	112,507	103,253	-	-	112,507	103,253
Total General Revenue	<u>30,164,894</u>	<u>28,235,003</u>	<u>74</u>	<u>103</u>	<u>30,164,968</u>	<u>28,235,106</u>
Total Revenues	<u>48,606,055</u>	<u>43,029,442</u>	<u>2,388,419</u>	<u>1,815,150</u>	<u>50,994,474</u>	<u>44,844,592</u>
Expenses						
General Government	12,143,461	10,891,798	-	-	12,143,461	10,891,798
Protection to Persons and Property	14,975,966	17,659,941	-	-	14,975,966	17,659,941
General Health and Sanitation	1,682,183	1,662,857	-	-	1,682,183	1,662,857
Social Services	5,924,143	5,418,551	-	-	5,924,143	5,418,551
Recreation and Culture	611,322	601,755	-	-	611,322	601,755
Roads	4,511,957	3,441,571	-	-	4,511,957	3,441,571
Bus Services	4,655,866	4,781,906	-	-	4,655,866	4,781,906
Capital Improvements	20,966	32,345	-	-	20,966	32,345
Interest on Long-Term Debt	440,414	475,114	-	-	440,414	475,114
A.J. Jolly Park	-	-	7,788	2,800	7,788	2,800
A.J. Jolly Golf Course	-	-	1,187,556	1,004,647	1,187,556	1,004,647
Jail Commissary	-	-	922,498	808,927	922,498	808,927
Total Expenses	<u>44,966,278</u>	<u>44,965,838</u>	<u>2,117,842</u>	<u>1,816,374</u>	<u>47,084,120</u>	<u>46,782,212</u>
Change in Net Position, Before Transfers	3,639,777	(1,936,396)	270,577	(1,224)	3,910,354	(1,937,620)
Transfers	<u>-</u>	<u>(160,000)</u>	<u>-</u>	<u>160,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>3,639,777</u>	<u>(2,096,396)</u>	<u>270,577</u>	<u>158,776</u>	<u>3,910,354</u>	<u>(1,937,620)</u>
Net Position - Beginning Year (As Originally Reported)	24,188,844	26,062,350	1,797,803	1,651,094	25,986,647	27,713,444
Prior Period Restatement	<u>-</u>	<u>222,890</u>	<u>-</u>	<u>(12,067)</u>	<u>-</u>	<u>210,823</u>
Net Position - Ending Year	<u>\$ 27,828,621</u>	<u>\$ 24,188,844</u>	<u>\$ 2,068,380</u>	<u>\$ 1,797,803</u>	<u>\$ 29,897,001</u>	<u>\$ 25,986,647</u>

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021
Unaudited
(Continued)**

Changes in Net Position

Governmental Activities: The County's net position increased \$3,639,777. Key elements of this increase are as follows:

- Net investment in capital assets increased \$1,487,668. This was primarily due to payments made on the related debt, netted with capital asset additions.
- Revenues were \$48,606,055 as reflected in the Statement of Activities which is up by \$5,576,613 or 13%. As mentioned previously, funding received through the CARES Act of \$4.3 million account for the increase.
- Expenditures totaled \$44,966,278 as reflected in the Statement of Activities which is a nominal increase from prior year.

Business-type Activities: The County's net position for these activities increased \$270,577. This is primarily due to an increase in profits on commissary sales and golf course revenue.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, the combined ending fund balance of the governmental funds was \$35,801,017. Approximately 56% (\$19,993,430) of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance (\$15,807,587) is not available for new spending because it is restricted, committed, or assigned.

The County has 6 major governmental funds. These are: 1) General Fund; 2) Road Fund; 3) Jail Fund; 4) Federal Grants Fund; 5) Housing Choice Voucher Program Fund and 6) (TANK) Payroll Tax Fund. There are three non-major funds. They are the Mental Health Fund, Senior Citizens Fund, and Developers Escrow Fund.

- The General Fund is the chief operating fund of the County. At the end of the June 30, 2021 fiscal year, the total fund balance of the General Fund was \$20,314,397, \$19,993,430 of which was unassigned. The County received \$10,790,473 in Real Property tax revenues, which accounts for approximately 45% of the general fund revenue. \$4,472,635 was received from personal property, motor vehicle and insurance taxes which is approximately 19% of the County's general fund revenues. Receipts from the CARES Act Fund was \$2,771,493 which is approximately 12% of the County's general fund revenues. Sheriff and Clerk fees accounted for \$1,167,252 or 5% of general fund revenues. Various other taxes, service fees and investment earnings make up the remaining 19% of revenues.
- The Road Fund is the fund related to county road and bridge construction and maintenance. The Road Fund had \$438,704 in fund balance at June 30, 2021. The fund balance at the end of the previous year was \$971,466. The fiscal year 2021 expenditures for road projects were \$4.8 million. State funding provided approximately \$1.2 million in funding for road projects during the fiscal year. Transfers from the TANK Payroll Tax fund provided nearly all of the remaining funding requirement.

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021
Unaudited
(Continued)**

- The Jail Fund is used to account for the operation of the County's detention center. The Jail Fund had a fund balance at June 30, 2021 of \$803,050 which is an increase of \$508,809. The Jail Fund received approximately \$4.1 million from the state and federal governments for services, primarily for housing prisoners. Intergovernmental receipts were up from fiscal year 2020 by approximately \$255,000. Receipts from the CARES Act Fund totaled \$1,493,876. Transfers totaling \$5,000,000 from the general fund were used to fund jail expenses.
- The Federal Grants fund is used to account for Community Development Block Grants and other direct and pass-through grants that are non-recurring. The County received \$9,088,798 from the American Rescue Plan Act, of which all is in unearned revenue as of yearend.
- The Housing Choice Voucher Program ended the 2021 fiscal year with a fund balance of \$462,565. The previous year balance was \$317,324. The Program derives nearly all of its revenue from the Department of Housing and Urban Development (HUD).
- The (TANK) Payroll Tax Fund is used in part to provide funds for the operation of the regional transit system. As of June 30, 2021, the balance in this fund was \$12,093,504 which is an increase of \$337,739.
- The total fund balance for the non-major funds as of June 30, 2021 was \$1,688,797. Total expenditures for the non-major funds for the year were \$1,481,776. Revenue sources for the non-major funds include occupational license and payroll taxes designated for senior citizens and mental health programs in Campbell County.

Proprietary Funds Overview: The County's Proprietary Fund Statements provide the same type of information found in the *business-type activities* column of the Government-Wide Financial Statements, but in more detail.

The County has three enterprise funds, A.J. Jolly Park (Public Parks Corporation), A.J. Jolly Golf Course, and the Jail Commissary.

- A.J. Jolly Park net position at June 30, 2021 amounted to \$497,462. The entirety of the Park's assets consists of capital assets such as land and land improvements for the golf and general recreation facility. Net capital assets for the park amounted to \$497,462 at the fiscal year-end. On July 1, 2014, all of A.J. Jolly's current assets, liabilities, revenues and expenditures were assumed by the A.J. Jolly Golf Course Fund, a proprietary fund of the County, for management.
- A.J. Jolly Golf Course Fund's net position at June 30, 2021 was \$(221,968). Revenues for the golf course amounted to \$1,167,743 which was an increase from prior year of approximately \$343,000 or 42% due to closures at the beginning of the COVID health emergency in fiscal year 2020. Revenues were derived primarily from user fees and concession sales.
- The Jail Commissary Fund had a net position of \$1,792,886 as of June 30, 2021 with a cash balance of \$1,858,694. Most of the revenue for this fund is derived from sales to jail inmates and the expenses are purchases of items for resale and expenditures for the benefit of the inmates such as GED course fees.

General Fund Budgetary Highlights

Actual operating revenues were 17% greater than the budget. This increase was primarily due to the receipt of CARES Act funding of \$2,771,493 that was not included in the budget.

Actual operating expenditures were less than the budget amended by the County. This was primarily due to the deferral of certain capital improvement projects and not using the contingency funding that was built into the budget.

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021
Unaudited
(Continued)**

Capital Assets and Debt Administration

Capital Assets

The County 's investments in capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$47,525,627 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to land other than buildings, machinery and equipment, vehicles, and infrastructure assets.

Major capital asset additions during the 2021 fiscal year included road and infrastructure improvements and the purchase of replacement vehicles for the police department.

SCHEDULES OF CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business Activities		Total	
	FY21	FY20	FY21	FY20	FY21	FY20
Land	\$ 4,231,925	\$ 4,231,925	\$ 497,462	\$ 497,462	\$ 4,729,387	\$ 4,729,387
Land Improvements	629,468	698,869	15,829	28,137	645,297	727,006
Buildings	26,178,854	27,203,519	100,358	108,077	26,279,212	27,311,596
Golf Equipment	-	-	-	16,209	-	16,209
Other Equipment	1,317,398	1,638,283	249,948	220,623	1,567,346	1,858,906
Vehicles and Equipment	1,765,975	1,746,215	127,119	143,581	1,893,094	1,889,796
Infrastructure Assets	12,411,291	11,221,969	-	-	12,411,291	11,221,969
	<u>\$ 46,534,911</u>	<u>\$ 46,740,780</u>	<u>\$ 990,716</u>	<u>\$ 1,014,089</u>	<u>\$ 47,525,627</u>	<u>\$ 47,754,869</u>

A more detailed breakdown of the capital assets and depreciation can be found in the Capital Assets note to the financial statements on pages 35–37.

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021
Unaudited
(Continued)**

Long-Term Debt

At the end of the 2021 fiscal year, the County had total bonds payable of \$14,535,000. The amount of this debt due within the next year is \$1,780,000 and \$12,755,000 is due in subsequent years. This debt is for the jail facilities and jail expansion project, County administration building, park facilities and equipment and emergency dispatch center equipment. This debt is described in the Long-Term Debt note to the financial statements on pages 37–42.

	Governmental Activities		Business-Type Activities		Total	
	FY21	FY20	FY21	FY20	FY21	FY20
General Obligation Bonds	\$ 14,535,000	\$ 16,290,000	\$ -	\$ -	\$ 14,535,000	\$ 16,290,000
Unamortized Premium	191,998	224,478	-	-	191,998	224,478
Unamortized Discount	(46,539)	(56,739)	-	-	(46,539)	(56,739)
	<u>\$ 14,680,459</u>	<u>\$ 16,457,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,680,459</u>	<u>\$ 16,457,739</u>

**CAMPBELL COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021
Unaudited
(Continued)**

Economic Factors and Next Year's Budget

The following factors were expected to have a significant effect on the County's financial position or results of operations and were considered in developing the 2022 fiscal year budget:

- The 2022 fiscal year budget was developed to assume continuing most services at current levels with the exception for which federal or state funding is decreasing or for projects which have been completed or are nearing completion.
- The increasing cost of housing prisoners in the Campbell County Detention Center continues to be a significant factor in budgeting and accounts for approximately 30% of the overall county spending excluding spending in the Federal Grant Fund. One of the primary challenges continues to be recruiting and retaining employees. Several pay restructuring programs have been rolled out at the jail over the past several years. Contingencies were built into the 2022 fiscal year budget for additional increases in wages and overtime.
- The most significant factor that generally impacts the fiscal year budget is pension costs. Due to the COVID health emergency, the state froze pension contribution rates at the fiscal year 2020 rates for the fiscal year 2021. Both hazardous and non-hazardous rates increased by 12% for fiscal year 2022 contributions. These increases were accounted for in the 2022 budget.
- Certain impacts of the COVID health emergency were estimated to continue throughout fiscal year 2022 and therefore, included in the fiscal year 2022 budget including the following:
 - Flat payroll tax receipts due to workforce reductions related to COVID
 - Reduction in state road aid
 - Continued lower payments for housing state prisoners due to early releases at the beginning of the COVID health emergency

Requests for Information

This financial report is designed to provide a general overview of Campbell County's Financial Statements for all interested in the government's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to the Campbell County Finance Director/Treasurer, 1098 Monmouth St., Newport, KY 41071.

**CAMPBELL COUNTY FISCAL COURT
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and Cash Equivalents	\$ 39,798,377	\$ 2,052,687	\$ 41,851,064
Restricted Cash	980,404	-	980,404
Accounts Receivable	5,128,401	48,715	5,177,116
Total Current Assets	45,907,182	2,101,402	48,008,584
Noncurrent Assets			
Capital Assets, Net of Accumulated Depreciation			
Land	4,231,925	497,462	4,729,387
Land Improvements	629,468	15,829	645,297
Buildings	26,178,854	100,358	26,279,212
Other Equipment	1,317,398	249,948	1,567,346
Vehicles and Equipment	1,765,975	127,119	1,893,094
Infrastructure Assets	12,411,291	-	12,411,291
Total Noncurrent Assets	46,534,911	990,716	47,525,627
Total Assets	92,442,093	3,092,118	95,534,211
Deferred Outflows of Resources			
Deferred Loss on Refundings, Net	495,071	-	495,071
Deferred Outflows Related to Pension	8,102,199	189,377	8,291,576
Deferred Outflows Related to OPEB	5,458,010	127,573	5,585,583
Total Deferred Outflows of Resources	14,055,280	316,950	14,372,230
Total Assets and Deferred Outflows of Resources	\$ 106,497,373	\$ 3,409,068	\$ 109,906,441

See accompanying notes.

CAMPBELL COUNTY FISCAL COURT
STATEMENT OF NET POSITION
JUNE 30, 2021
(Continued)

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Liabilities			
Compensated Absences Payable	\$ 47,876	\$ 1,065	\$ 48,941
Bonds Payable	1,802,280	-	1,802,280
Accounts Payable	554,139	46,754	600,893
Accrued Payroll	457,521	23,173	480,694
Unearned Revenues	9,088,798	-	9,088,798
Total Current Liabilities	11,950,614	70,992	12,021,606
Noncurrent Liabilities			
Compensated Absences Payable	308,257	18,469	326,726
Bonds Payable	12,878,179	-	12,878,179
Net Pension Liability	39,287,627	918,293	40,205,920
Net OPEB Liability	12,271,873	286,837	12,558,710
Total Noncurrent Liabilities	64,745,936	1,223,599	65,969,535
Total Liabilities	76,696,550	1,294,591	77,991,141
Deferred Inflows of Resources			
Deferred Inflows Related to Pension	51,429	1,202	52,631
Deferred Inflows Related to OPEB	1,920,773	44,895	1,965,668
Total Deferred Outflows of Resources	1,972,202	46,097	2,018,299
Total Liabilities and Deferred Inflows of Resources	78,668,752	1,340,688	80,009,440
Net Position			
Net Investment in Capital Assets	32,349,523	990,716	33,340,239
Restricted for			
Social Services	462,565	-	462,565
Protection to Persons and Property	1,124,017	-	1,124,017
Roads	625,163	-	625,163
Unrestricted	(6,732,647)	1,077,664	(5,654,983)
Total Net Position	\$ 27,828,621	\$ 2,068,380	\$ 29,897,001

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2021**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business- Type Activities	
Governmental Activities							
General Government	\$ 12,143,461	\$ 915,013	\$ 300,819	\$ -	\$ (10,927,629)	\$ -	\$ (10,927,629)
Protection to Persons and Property	14,975,966	5,159,906	4,885,108	-	(4,930,952)	-	(4,930,952)
General Health and Sanitation	1,682,183	29,332	79,122	-	(1,573,729)	-	(1,573,729)
Social Services	5,924,143	1,885	5,249,933	-	(672,325)	-	(672,325)
Recreation and Culture	611,322	354,129	-	-	(257,193)	-	(257,193)
Roads	4,511,957	16,029	1,037,234	164,089	(3,294,605)	-	(3,294,605)
Bus Services	4,655,866	-	248,562	-	(4,407,304)	-	(4,407,304)
Capital Improvements	20,966	-	-	-	(20,966)	-	(20,966)
Interest on Long-Term Debt	440,414	-	-	-	(440,414)	-	(440,414)
Total Governmental Activities	44,966,278	6,476,294	11,800,778	164,089	(26,525,117)	-	(26,525,117)
Business-Type Activities							
A.J. Jolly Park	7,788	-	-	-	-	(7,788)	(7,788)
A.J. Jolly Golf Course	1,187,556	1,167,743	-	-	-	(19,813)	(19,813)
Jail Commissary	922,498	1,220,602	-	-	-	298,104	298,104
Total Business-Type Activities	2,117,842	2,388,345	-	-	-	270,503	270,503
Total Primary Government	\$ 47,084,120	\$ 8,864,639	\$ 11,800,778	\$ 164,089	(26,525,117)	270,503	(26,254,614)
General Revenues							
Taxes							
Real Property Taxes					10,790,473	-	10,790,473
Personal Property Taxes					890,598	-	890,598
Motor Vehicle Property Taxes					1,071,268	-	1,071,268
Occupational Taxes					11,382,662	-	11,382,662
Other Taxes					2,176,367	-	2,176,367
Rental Motor Vehicle License Fee					61,075	-	61,075
Insurance License Fee/Tax					2,510,769	-	2,510,769
Excess Fees					1,167,252	-	1,167,252
Unrestricted Investment Earnings					1,923	74	1,997
Miscellaneous Revenues					112,507	-	112,507
Total General Revenues and Transfers					30,164,894	74	30,164,968
Change in Net Position					3,639,777	270,577	3,910,354
Net Position July 1, 2020					24,188,844	1,797,803	25,986,647
Net Position June 30, 2021					\$ 27,828,621	\$ 2,068,380	\$ 29,897,001

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Major Funds							
	General Fund	Road Fund	Jail Fund	Federal Grants Fund	Housing Choice Voucher Program	TANK Payroll Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and Cash Equivalents	\$ 19,297,940	\$ 186,855	\$ 773,713	\$ 9,088,798	\$ 100	\$ 9,363,911	\$ 1,087,060	\$ 39,798,377
Accounts Receivable								
Taxes	975,007	-	-	-	-	2,501,976	417,042	3,894,025
Excess Fees	241,740	-	-	-	-	-	-	241,740
Intergovernmental	50,371	324,831	186,883	-	-	227,911	8,118	798,114
Charges for Services	-	-	37,891	-	-	-	-	37,891
Miscellaneous	102,850	-	48,074	-	5,707	-	-	156,631
Restricted Cash	320,967	-	-	-	472,978	-	186,459	980,404
Total Assets	\$ 20,988,875	\$ 511,686	\$ 1,046,561	\$ 9,088,798	\$ 478,785	\$ 12,093,798	\$ 1,698,679	\$ 45,907,182
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts Payable	\$ 427,118	\$ 31,195	\$ 89,143	\$ -	\$ -	\$ 294	\$ 6,389	\$ 554,139
Accrued Payroll	247,360	41,787	154,368	-	10,513	-	3,493	457,521
Unearned Revenues	-	-	-	9,088,798	-	-	-	9,088,798
Total Liabilities	674,478	72,982	243,511	9,088,798	10,513	294	9,882	10,100,458
Deferred Inflows of Resources								
Unavailable Revenue - Other	-	-	-	-	5,707	-	-	5,707
Fund Balances								
Restricted								
Social Services	-	-	-	-	462,565	-	-	462,565
Protection to Persons and Property	320,967	-	803,050	-	-	-	-	1,124,017
Roads	-	438,704	-	-	-	-	186,459	625,163
Committed								
Social Services	-	-	-	-	-	-	650,915	650,915
General Health and Sanitation	-	-	-	-	-	-	851,423	851,423
Bus Service	-	-	-	-	-	3,784,765	-	3,784,765
Transportation	-	-	-	-	-	8,308,739	-	8,308,739
Unassigned	19,993,430	-	-	-	-	-	-	19,993,430
Total Fund Balances	20,314,397	438,704	803,050	-	462,565	12,093,504	1,688,797	35,801,017
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,988,875	\$ 511,686	\$ 1,046,561	\$ 9,088,798	\$ 478,785	\$ 12,093,798	\$ 1,698,679	\$ 45,907,182

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - Governmental Funds	\$	35,801,017
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of Capital Assets	\$ 105,372,688		
Accumulated Depreciation	<u>58,837,777</u>		46,534,911

Deferred loss on refunding, net is not a financial resource and therefore is not reported as an asset in governmental funds.		495,071
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		5,707
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred Outflows of Resources Related to Pension	8,102,199		
Deferred Outflows of Resources Related to OPEB	5,458,010		
Deferred Inflows of Resources Related to Pension	(51,429)		
Deferred Inflows of Resources Related to OPEB	<u>(1,920,773)</u>		11,588,007

Long-term liabilities, including compensated absences payable, bonds payable, net pension liability, and net OPEB liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Compensated Absences Payable	356,133		
Premiums on Bonds, Net	145,459		
Bonds Principal Payments, Due within One Year	1,780,000		
Bonds Principal Payments, Due in More than One Year	12,755,000		
Net Pension Liability	39,287,627		
Net OPEB Liability	<u>12,271,873</u>		<u>(66,596,092)</u>

Total Net Position - Governmental Activities	\$	<u>27,828,621</u>
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See accompanying notes.

CAMPBELL COUNTY FISCAL COURT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2021

	Major Funds							
	General Fund	Road Fund	Jail Fund	Federal Grants Fund	Housing Choice Voucher Program	TANK Payroll Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 17,441,586	\$ -	\$ -	\$ -	\$ -	\$ 9,756,098	\$ 1,626,564	\$ 28,824,248
In Lieu Tax Payments	58,964	-	-	-	-	-	-	58,964
Excess Fees	1,167,252	-	-	-	-	-	-	1,167,252
Licenses and Permits	610,583	1,400	-	-	-	-	-	611,983
Intergovernmental	3,414,993	1,187,668	5,551,587	385,360	4,314,660	248,562	63,712	15,166,542
Charges for Services	343,468	-	447,916	-	472,639	-	170	1,264,193
Miscellaneous	949,251	69,974	476,433	-	14,132	-	422	1,510,212
Interest	1,914	-	-	-	76	9	15	2,014
Total Revenues	23,988,011	1,259,042	6,475,936	385,360	4,801,507	10,004,669	1,690,883	48,605,408
Expenditures								
General Government	4,374,266	-	-	-	-	-	-	4,374,266
Protection to Persons and Property	3,553,449	-	7,099,209	-	-	-	-	10,652,658
General Health and Sanitation	584,249	-	39,577	-	-	-	1,039,890	1,663,716
Social Services	52,268	-	134,422	385,360	4,559,032	-	390,557	5,521,639
Recreation and Culture	448,337	-	-	-	-	-	-	448,337
Roads	-	1,795,094	-	-	-	-	-	1,795,094
Bus Services	-	-	-	-	-	4,655,866	-	4,655,866
Capital Projects	329,637	2,283,198	-	-	-	-	1,627	2,614,462
Administration	3,449,661	636,289	2,445,234	-	97,234	11,064	49,702	6,689,184
Debt Service	808,043	77,223	1,248,685	-	-	-	-	2,133,951
Total Expenditures	13,599,910	4,791,804	10,967,127	385,360	4,656,266	4,666,930	1,481,776	40,549,173
Excess (Deficiency) of Revenues Over Expenditures	10,388,101	(3,532,762)	(4,491,191)	-	145,241	5,337,739	209,107	8,056,235
Other Financing (Uses) Sources								
Transfers to Other Funds	(5,000,000)	-	-	-	-	(5,000,000)	-	(10,000,000)
Transfers from Other Funds	2,000,000	3,000,000	5,000,000	-	-	-	-	10,000,000
Total Other Financing (Uses) Sources	(3,000,000)	3,000,000	5,000,000	-	-	(5,000,000)	-	-
Net Change in Fund Balances	7,388,101	(532,762)	508,809	-	145,241	337,739	209,107	8,056,235
Fund Balances July 1, 2020	12,926,296	971,466	294,241	-	317,324	11,755,765	1,479,690	27,744,782
Fund Balances June 30, 2021	\$ 20,314,397	\$ 438,704	\$ 803,050	\$ -	\$ 462,565	\$ 12,093,504	\$ 1,688,797	\$ 35,801,017

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Total Net Change in Fund Balances - Governmental Funds	\$	8,056,235
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation Expense	\$	(2,797,738)	
Capital Outlays		2,591,869	
			(205,869)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		647
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Compensated absences are recognized as an expenditures in the governmental funds when they are paid. In the statement of activities, compensated absences are recognized as an expense when incurred.		(37,518)
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Repayment of bond principal is an expenditure in the governmental funds but it reduces long-term liabilities in the statement of net position, and does not affect the statement of activities.		1,755,000
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Governmental funds report County pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

County Pension Contributions - June 30, 2020	(2,514,485)	
County Pension Contributions - June 30, 2021	2,379,450	
Cost of Benefits Earned Net of Employee Contributions	(4,645,044)	(4,780,079)

Governmental funds report County other postemployment benefit contributions as expenditures. However, other postemployment benefit expense is reported in the statement of activities. This is the amount by which other postemployment benefit expense exceeded contributions.

County Other Postemployment Benefit Contributions - June 30, 2020	(667,028)	
County Other Postemployment Benefit Contributions - June 30, 2021	634,673	
Change in Other Postemployment Benefit Liability	(1,054,821)	(1,087,176)

Amortization of premiums/discounts and deferred loss on refundings on bonds payable are reported in the statement of activities. However, they do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(61,463)
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Total Change in Net Position - Governmental Activities	\$	3,639,777
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See accompanying notes.

CAMPBELL COUNTY FISCAL COURT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	A.J. Jolly Park Fund	A.J. Jolly Golf Course Fund	Jail Commissary Fund	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ 193,993	\$ 1,858,694	\$ 2,052,687
Accounts Receivable	-	-	48,715	48,715
Total Current Assets	-	193,993	1,907,409	2,101,402
Noncurrent Assets				
Land	497,462	-	-	497,462
Land Improvements	683,675	45,200	-	728,875
Buildings	140,704	115,797	-	256,501
Clubhouse Furniture and Fixtures	-	106,097	-	106,097
Golf Equipment	-	707,763	-	707,763
Other Equipment	-	185,992	230,050	416,042
Vehicles	-	43,251	121,370	164,621
	1,321,841	1,204,100	351,420	2,877,361
Less Accumulated Depreciation	824,379	944,575	117,691	1,886,645
Total Noncurrent Assets	497,462	259,525	233,729	990,716
Total Assets	497,462	453,518	2,141,138	3,092,118
Deferred Outflows of Resources				
Deferred Outflows Related to Pension	-	126,586	62,791	189,377
Deferred Outflows Related to OPEB	-	85,274	42,299	127,573
Total Deferred Outflows of Resources	-	211,860	105,090	316,950
Total Assets and Deferred Outflows of Resources	497,462	665,378	2,246,228	3,409,068
Liabilities and Deferred Inflows of Resources				
Current Liabilities				
Compensated Absences Payable	-	1,065	-	1,065
Accounts Payable	-	13,334	33,420	46,754
Accrued Payroll	-	18,147	5,026	23,173
Total Current Liabilities	-	32,546	38,446	70,992
Long-Term Liabilities (Net of Current Portion)				
Compensated Absences Payable	-	18,441	28	18,469
Net Pension Liability	-	613,816	304,477	918,293
Net OPEB Liability	-	191,731	95,106	286,837
Total Noncurrent Liabilities	-	823,988	399,611	1,223,599
Total Liabilities	-	856,534	438,057	1,294,591
Deferred Inflows of Resources				
Deferred Inflows Related to Pension	-	803	399	1,202
Deferred Inflows Related to OPEB	-	30,009	14,886	44,895
Total Deferred Inflows of Resources	-	30,812	15,285	46,097
Total Liabilities and Deferred Inflows of Resources	-	887,346	453,342	1,340,688
Net Position				
Net Investment in Capital Assets	497,462	259,525	233,729	990,716
Unrestricted	-	(481,493)	1,559,157	1,077,664
Total Net Position	\$ 497,462	\$ (221,968)	\$ 1,792,886	\$ 2,068,380

See accompanying notes.

CAMPBELL COUNTY FISCAL COURT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	A.J. Jolly Park Fund	A.J. Jolly Golf Course Fund	Jail Commissary Fund	Total
Operating Revenues				
Greens Fees	\$ -	\$ 570,996	\$ -	\$ 570,996
Rentals - Power Carts	-	332,697	-	332,697
Pro Shop Sales	-	50,941	-	50,941
Concession Sales	-	154,042	-	154,042
Commissary Sales	-	-	1,220,602	1,220,602
Miscellaneous	-	59,067	-	59,067
Total Operating Revenues	-	1,167,743	1,220,602	2,388,345
Operating Expenses				
Golf Course Operations	7,788	1,187,556	-	1,195,344
Protection to Persons and Property	-	-	830,222	830,222
General Health and Sanitation	-	-	48,477	48,477
Administration	-	-	43,799	43,799
Total Operating Expenses	7,788	1,187,556	922,498	2,117,842
Operating (Loss) Income	(7,788)	(19,813)	298,104	270,503
Non-Operating Revenues				
Interest Income	-	-	74	74
Change in Net Position	(7,788)	(19,813)	298,178	270,577
Net Position July 1, 2020	505,250	(202,155)	1,494,708	1,797,803
Net Position June 30, 2021	\$ 497,462	\$ (221,968)	\$ 1,792,886	\$ 2,068,380

See accompanying notes.

CAMPBELL COUNTY FISCAL COURT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	A.J. Jolly Park Fund	A.J. Jolly Golf Course Fund	Jail Commissary Fund	Totals
Cash Flows From Operating Activities				
Receipts from Greens Fees	\$ -	\$ 570,996	\$ -	\$ 570,996
Receipts from Power Cart Rentals	-	332,697	-	332,697
Receipts from Pro Shop Sales	-	50,941	-	50,941
Receipts from Concession Sales	-	154,042	-	154,042
Receipts from Miscellaneous Income	-	59,067	-	59,067
Receipts from Commissary Sales	-	-	1,222,110	1,222,110
Payments to Suppliers	-	(481,781)	(605,662)	(1,087,443)
Payments to Employees	-	(518,658)	(179,530)	(698,188)
Net Cash Provided by Operating Activities	-	167,304	436,918	604,222
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	-	(62,818)	-	(62,818)
Cash Flows from Investing Activities				
Interest Income	-	-	74	74
Net Change in Cash	-	104,486	436,992	541,478
Cash and Cash Equivalents July 1, 2020	-	89,507	1,421,702	1,511,209
Cash and Cash Equivalents June 30, 2021	<u>\$ -</u>	<u>\$ 193,993</u>	<u>\$ 1,858,694</u>	<u>\$ 2,052,687</u>
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities	\$ (7,788)	\$ (19,813)	\$ 298,104	\$ 270,503
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided by Operating Activities				
Depreciation	7,788	40,221	38,182	86,191
Pension Expense	-	108,481	60,251	168,732
Other Postemployment Benefit Expense	-	26,754	15,133	41,887
Change in Assets and Liabilities				
Accounts Receivable	-	-	1,508	1,508
Accounts Payable	-	4,770	23,140	27,910
Accrued Payroll	-	3,024	572	3,596
Compensated Absences Payable	-	3,867	28	3,895
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ 167,304</u>	<u>\$ 436,918</u>	<u>\$ 604,222</u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	Total Custodial Funds
Assets	
Cash and Cash Equivalents	\$ 108,318
Liabilities	
Accounts Payable	<u>74,551</u>
Net Position	
Restricted for	
Employee Flexible Spending Accounts	15,453
Jail Inmate Accounts	<u>18,314</u>
Total Net Position	\$ <u>33,767</u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2021**

	Total Custodial Funds
Additions	
Employee Contributions	\$ 14,275
Property Taxes Collected for Cities	10,224,701
Deposits from Inmates	1,748,191
Interest Income	<u>66</u>
Total Additions	<u>11,987,233</u>
Deductions	
Benefit Payments	10,812
Property Tax Collection Fees	204,494
Property Taxes Collected for Cities	10,020,273
Inmate Payments	<u>1,762,030</u>
Total Deductions	<u>11,997,609</u>
Net Decrease in Net Position	(10,376)
Net Position July 1, 2020 (As Restated)	<u>44,143</u>
Net Position June 30, 2021	<u><u>\$ 33,767</u></u>

See accompanying notes.

**CAMPBELL COUNTY FISCAL COURT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of the Campbell County Fiscal Court (the County) include the funds, agencies, boards, component unit, and entities for which the fiscal court is financially accountable. The blended component unit, although a legally separate entity is, in substance, part of the County's operations.

Blended Component Unit

The following legally separate organization provides its services exclusively to the primary government, and the County is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the County's primary government using the blended method.

A.J. Jolly Park: The activities of A.J. Jolly Park (the park), an agency of the County, are accounted for as an enterprise fund. This method was adopted to account for the park's operations in a manner similar to private business enterprises. On July 1, 2014, all of the park's current assets, liabilities, revenues and expenditures were assumed by the A.J. Jolly Golf Course fund, a proprietary fund of the County, for management. Some of the park's fixed assets are still being held by the component unit until resolution of the legality of the transfer of its restricted assets. This component unit is blended within the financial statements of the County.

Campbell County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Campbell 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 statements of the County.

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

Basis of Accounting, Measurement Focus, and Presentation

Government Wide Statements

The government wide financial statements (i.e., the statement of net position and the statement of activities) display information about all of the non-fiduciary activities of the primary government and its component units. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The government wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government wide statements and the statements for governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County, and for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows. For example, property tax revenue is recognized in the year of levy, and all other revenue is recognized when services have been rendered. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include taxes and unrestricted state funds.

Fund Financial Statements

The fund financial statements are designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. The County's fund types, a definition of each, and County funds included within each fund type are listed below.

All governmental funds are accounted for on the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due.

The primary revenue sources, which have been treated as susceptible to accrual by the County, are tax-payer-assessed tax revenues (such as property taxes and franchise taxes) and certain grant revenues.

Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Other revenues which may be accrued include other taxes, intergovernmental revenues, interest, and charges for services.

Again, grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the County may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenses. It is the County's policy to first apply restricted resources to such programs, followed by unrestricted resources if necessary.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

General Fund

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

Road Fund

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

Jail Fund

The primary purpose of this fund is to account for operations of the Campbell County Detention Center. The primary sources of revenue 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 expenditures separately from the general fund.

Federal Grants Fund

The primary purpose of this fund is to account for activity related to funding from the Federal government whether it be directly from the Federal government or from pass-through entities.

Housing Choice Voucher Program

The Campbell County Housing Choice Voucher Program is operated by the County. It is engaged in providing rental assistance to persons of low income and who, for the most part, are residents of Campbell County, Kentucky. Funds to operate this program are obtained principally from the U.S. Department of Housing and Urban Development (HUD).

(TANK) Payroll Tax Fund

The purpose of this fund is to account for occupational tax collections, which were originally approved by the voters as Section 12 of Ordinance R-34-78 and amended with Ordinance O-26-99. All money derived under the provisions of this Ordinance is placed to the credit of:

- A. To appropriate and pay over to the Transit Authority of Northern Kentucky capital and operating funds as provided in KRS Chapter 96A.
- B. The general revenue fund of the County of Campbell and shall be used and expended in defraying the current general expenses of the County.
- C. For traffic improvement and mass transportation related projects as authorized by the County.

Nonmajor Funds

The primary government also has the following non-major funds: Mental Health Fund, Senior Citizens Fund, and the Developers Escrow Fund.

Special Revenue Funds

The Road Fund, Jail Fund, Housing Choice Voucher Program Fund, (TANK) Payroll Tax Fund, Federal Grants Fund, Mental Health Fund, Senior Citizens Fund, and the Developers Escrow Fund are presented as special revenue funds. Special revenue funds are used to account for the proceeds of specific revenue sources and expenditures that are restricted or committed for specific purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) and deferred outflows of resources and deferred inflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the County's enterprise funds are charges to customers for sales in the Jail Commissary Fund and greens fees revenue in the A.J. Jolly Golf Course Fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets.

The primary government reports the following major proprietary funds:

A.J. Jolly Golf Course Fund

This fund accounts for the revenues and expenses of operating A.J. Jolly Golf Course.

Jail Commissary Fund

The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

A.J. Jolly Park

This fund accounts for certain capital assets that are part of A.J. Jolly Golf Course and A.J. Jolly Park.

The Fiduciary funds are used to account for the resources held by the County in a custodial capacity or as an agent for individuals, private organizations, or other governments. Fiduciary fund financial statements include a Statement of Fiduciary Net Position. All fiduciary funds of the County are custodial funds.

The government reports the following fiduciary funds:

Occupational Tax Fund

This fund is used to collect and remit the occupational taxes including payroll and net profit taxes collected on behalf of the County and certain cities within the County.

Flexible Spending Account

This fund is used as a pass through of any Cafeteria 125 plan dollars for tax exempt purposes from employees' payroll checks.

Jail Inmate Fund

This fund accounts for assets held by the County in a purely custodial nature.

As a general rule, the effect of inter-fund activity has been eliminated from the government wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on November 1st and are due and payable declining discounts through December 31st. Taxes are delinquent as of January 1st following the assessment. After April 15th of each year and following proper procedures, a court order may be issued to seize and sell the property.

Legal Compliance - Budget

The County budget is adopted on a cash basis of accounting, and according to the laws of Kentucky, as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1st of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the County by July 1st.

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

The schedule of revenues, expenditures and changes in fund balances budget and actual present a comparison of budgetary data in actual results. These funds utilize the same basis of accounting for both budgetary purposes and actual results. The reconciliation of the actual results to the fund statements are on page 67.

Cash

Cash includes amounts in bank accounts and cash on hand. The government's fund balance includes cash and cash equivalents and investments.

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

Accounts Receivables

In the government wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the government activities include payroll taxes.

In the governmental fund financial statements, material receivables include revenue accruals, such as occupational taxes, grants, and other similar revenues since they are usually both measurable and available. Non-exchange transactions, collectable but not available, are deferred in the governmental fund financial statements in accordance with the basis of accounting. Interest and investment earnings are recorded when earned only if paid within 60 days of the year end, since they would be considered both measurable and available.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The County also recognizes deferred outflows of resources related to pensions and other postemployment benefits.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is therefore deferred until that time. The County recognizes deferred inflows of resources related to pensions and other postemployment benefits. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current period. Revenue that is earned but not available is reported as a deferred inflow of resource until such time as the revenue becomes available.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government wide statement of net position and in the respective funds.

Capital assets, which include land, construction in progress, land improvements, buildings, building improvements, equipment, vehicles, 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 in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. The County maintains a capitalization threshold of \$20,000.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and construction in progress are not depreciated. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

Description	Estimated Useful Lives
Land Improvements	10 – 20 Years
Buildings	25 – 40 Years
Other Equipment	5 – 10 Years
Vehicles and Equipment	5 – 10 Years
Infrastructure	20 – 40 Years

Compensated Absences

County employees earn vacation in proportion to years of service. Vacation time accrues on a per pay period basis. Vacation time may accumulate from year to year up to a maximum of thirty days. Once the maximum is reached, employees must use or forfeit the time. Employees that give proper notice receive pay for unused vacation time that has not expired.

Short-term sick leave accrues on a per pay period basis at the rate of five days per year and may accumulate up to a maximum of twelve days. Employees do not get paid for their unused sick time upon termination.

County police and the road department have separate negotiated contracts, Fraternal Order of Police ((FOP) and American Federation of State, County, and Municipal Employees (AFSCME), respectively that covers provisions for sick leave. These employees earn 40 hours of sick leave per year. The entire 40 hours is given to them in January. If they are still employed by the County on December 31, they receive pay for their unused sick time the following January. If they are not employed on December 31, they do not get paid for their unused sick time.

The remaining County employees also receive 40 hours of sick leave in January; however, they do not get paid for their unused sick time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences are accrued when incurred in the government wide financial statements. A liability for these amounts is reported in governmental funds only if they matured.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes, and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Equity

In the governmental fund financial statements, the difference between the assets and liabilities and deferred inflows of governmental funds is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

Non-spendable fund balances are those that cannot be spent on future obligations and must be maintained intact legally or contractually.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Spendable include the following:

- Restricted-amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed-amounts constrained for a specific purpose by the County using its highest level of decision-making authority.
- Assigned-for all governmental funds, other than general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, amounts constrained by intent to be used for a specified purpose by the County or the delegated county committee or official given authority to assign amounts.
- Unassigned-for the general fund, amounts not classified as non-spendable, restricted, committed, or assigned. For all other governmental funds, amounts expended in excess of resources that are non-spendable, restricted, committed or assigned.

For resources considered committed, the County issues an ordinance or resolution that can only be changed with another corresponding ordinance or resolution.

For resources considered assigned, the county has designated the County Judge/Executive to carry out the intent of the fiscal court.

It is the policy of the County to spend restricted resources first, when both restricted and unrestricted resources are available to spend on the activity. Once restricted resources are exhausted, then committed, assigned, and unassigned resources will be spent in that order on the activity.

Encumbrances, although not reported on the balance sheet, are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the County incurs no liability until performance has occurred on the part of the party with whom the County has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances can also include invoices for goods or services received at June 30, but not yet paid and not included as an accounts payable. Significant encumbrances at year end are reported by major funds and non-major funds in the aggregate and included with the commitments and contingencies note disclosure, if applicable.

“Committed to Bus Service” refers to the portion of the TANK payroll tax fund balance which the County has agreed to provide to TANK for transit services in Campbell County in the upcoming fiscal year.

Interfund Transactions

The County has the following type of interfund transactions:

Interfund Transfers - Transfers presented in the fund financial statements represent the flow of assets (such as goods or cash) without equivalent flow of assets in return or requirement of repayment. The composition of the interfund transfers is presented in Note 13. Note that at the entity-wide level, the majority of interfund transfers have been eliminated. Interfund transfers between governmental activities and business-type activities have not been eliminated.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - DEPOSITS

The County 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, 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 not met with the jail inmate account, as the Campbell County Detention Center did not have a written agreement with the bank.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The County does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. On June 30, 2021, the County's bank balance was exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$80,222

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at June 30, 2021:

	Governmental Activities	Business-Type Activities	Total
Taxes – Current	\$ 3,894,025	\$ -	\$ 3,894,025
Excess Fees	241,740	-	241,740
Charges for Service	37,891	-	37,891
Intergovernmental	798,114	-	798,114
Commissary Sales	-	48,715	48,715
Miscellaneous	156,631	-	156,631
	<u>\$ 5,128,401</u>	<u>\$ 48,715</u>	<u>\$ 5,177,116</u>

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2021 was as follows:

Governmental Activities	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital Assets Not Being Depreciated				
Land	\$ 4,231,925	\$ -	\$ -	\$ 4,231,925
Total Capital Assets Not Being Depreciated	4,231,925	-	-	4,231,925
Depreciable Capital Assets				
Land Improvements	1,415,227	-	-	1,415,227
Buildings	41,812,326	-	-	41,812,326
Other Equipment	5,820,938	32,836	-	5,853,774
Vehicles and Equipment	5,515,077	398,754	201,422	5,712,409
Infrastructure	44,186,748	2,160,279	-	46,347,027
Total Depreciable Capital Assets	98,750,316	2,591,869	201,422	101,140,763
Total Capital Assets at Historical Cost	102,982,241	2,591,869	201,422	105,372,688
Less Accumulated Depreciation				
Land Improvements	716,358	69,401	-	785,759
Buildings	14,608,807	1,024,665	-	15,633,472
Other Equipment	4,182,655	353,721	-	4,536,376
Vehicles and Equipment	3,768,862	378,994	201,422	3,946,434
Infrastructure	32,964,779	970,957	-	33,935,736
Total Accumulated Depreciation	56,241,461	2,797,738	201,422	58,837,777
Depreciable Capital Assets, Net	42,508,855	(205,869)	-	42,302,986
Governmental Activities Capital Assets - Net	\$ 46,740,780	\$ (205,869)	\$ -	\$ 46,534,911

NOTE 4 - CAPITAL ASSETS (Continued)

Business-Type Activities	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital Assets Not Being Depreciated				
Land	\$ 497,462	\$ -	\$ -	\$ 497,462
Total Capital Assets Not Being Depreciated	497,462	-	-	497,462
Depreciable Capital Assets				
Land Improvements	728,875	-	-	728,875
Buildings	256,501	-	-	256,501
Vehicles	164,621	-	-	164,621
Golf Equipment	707,763	-	-	707,763
Clubhouse Furniture and Fixtures	106,097	-	-	106,097
Other Equipment	353,224	62,818	-	416,042
Totals at Historical Cost	2,317,081	62,818	-	2,379,899
Total Capital Assets at Historical Cost	2,814,543	62,818	-	2,877,361
Less Accumulated Depreciation				
Land Improvements	700,738	12,308	-	713,046
Buildings	148,424	7,719	-	156,143
Vehicles	21,040	16,462	-	37,502
Golf Equipment	691,554	16,209	-	707,763
Clubhouse Furniture and Fixtures	106,097	-	-	106,097
Other Equipment	132,601	33,493	-	166,094
Total Accumulated Depreciation	1,800,454	86,191	-	1,886,645
Depreciable Capital Assets, Net	516,627	(23,373)	-	493,254
Business - Type Activities Capital Assets - Net	\$ 1,014,089	\$ (23,373)	\$ -	\$ 990,716

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the primary government as follows:

	Year Ended June 30, 2021
<u>Governmental Activities:</u>	
General Government	\$ 470,060
Protection to Persons and Property	944,035
General Health and Sanitation	20,328
Social Services	51,703
Recreation and Culture	163,008
Roads, Including Depreciation of General Infrastructure Assets	1,148,604
Total Depreciation Expense – Governmental Activities	<u>\$ 2,797,738</u>
<u>Business-Type Activities</u>	
Jail Commissary	\$ 38,182
A.J. Jolly Golf Course	40,221
A.J. Jolly Park	7,788
Total Depreciation Expense – Business-Type Activities	<u>\$ 86,191</u>

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable consists of the following at June 30, 2021:

	Governmental Activities	Business-Type Activities	Total
General Government	\$ 53,989	\$ -	\$ 53,989
Protection to Persons and Property	107,303	33,420	140,723
General Health and Sanitation	10,827	-	10,827
Social Services	6,952	-	6,952
Recreation and Culture	15,532	-	15,532
Roads	31,009	-	31,009
Administration	328,527	-	328,527
Golf Course Operations	-	13,334	13,334
	<u>\$ 554,139</u>	<u>\$ 46,754</u>	<u>\$ 600,893</u>

NOTE 6 - LONG TERM DEBT

General Obligation Refunding Bonds, Series 2012

The County issued, as of February 24, 2012, \$1,645,000 General Obligation Refunding Bond, Series 2012, to refund Campbell County, Kentucky General Project Refunding Bond, Series 2001 and First Mortgage Refunding and Improvement Revenue Bonds, Series 1997. The bonds mature in varying amounts from \$5,000 to \$200,000 from June 1, 2012 through 2023. Interest is payable semi-annually on June 1 and December 1 at a rate of 2.00%. Bonds outstanding at June 30, 2021, were \$170,000.

NOTE 6 - LONG TERM DEBT (Continued)

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The debt service requirements for future fiscal years are as follows:

<u>Years Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2022	\$ 80,000	\$ 2,600
2023	90,000	900
Total	<u>\$ 170,000</u>	<u>\$ 3,500</u>

General Obligation Public Projects Bond, Series 2014A

On July 29, 2014, the County issued \$2,500,000 General Obligation Public Projects Bonds, Series 2014A. These bonds mature in varying amounts from \$105,000 to \$325,000 on December 1 of each year through 2033. Proceeds of the bonds were principally used for construction of the Campbell County Detention Facility. Interest is payable semi-annually on December 1 and June 1 at rates ranging from 2.0% to 3.5% and principal payments are due annually on December 1 of each year. Bonds outstanding on June 30, 2021, were \$1,770,000.

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The debt service requirements for future fiscal years are as follows:

<u>Years Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2022	\$ 110,000	\$ 53,825
2023	115,000	50,450
2024	120,000	46,925
2025	125,000	43,250
2026	125,000	39,500
2027-2031	700,000	136,938
2032-2034	475,000	25,275
Total	<u>\$ 1,770,000</u>	<u>\$ 396,163</u>

NOTE 6 - LONG-TERM DEBT (Continued)

General Obligation Refunding Bonds, Series 2014B

On July 29, 2014, the County issued \$7,165,000 in General Obligation Public Projects Bonds, Series 2014B, with an average interest rate of 2.41%, to advance refund \$6,735,000 of the fiscal court's General Obligation Public Project Bonds, Series 2006 with an average interest rate of 4.27%.

The bonds mature in varying amounts from \$80,000 to \$840,000 on December 1 of each year through 2025. Interest is payable semi-annually on December 1 and June 1 at rates ranging from 2.0% to 3.0% and principal payments are due annually on December 1 of each year. Bonds outstanding on June 30, 2021, were \$4,000,000.

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequences. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The debt service requirements for future fiscal years are as follows:

<u>Years Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2022	\$ 760,000	\$ 92,900
2023	780,000	76,525
2024	800,000	57,750
2025	820,000	36,475
2026	840,000	12,600
Total	<u>\$ 4,000,000</u>	<u>\$ 276,250</u>

General Obligation Bonds, Series 2015

On November 4, 2015, the County issued \$5,165,000 General Obligation Bonds, Series 2015. The proceeds of \$5,203,508 were net of a premium of \$93,048 and \$54,540 in issuance costs. These bonds mature in varying amounts from \$210,000 to \$330,000 on November 1 of each year through 2035. Proceeds of the bonds were principally used for construction of the Campbell County Detention Facility. Interest is payable semi-annually on May 1 and November 1 at rates ranging from 2.0% to 3.5% and principal payments are due annually on November 1 of each year. Bonds outstanding on June 30, 2021, were \$4,085,000.

NOTE 6 - LONG-TERM DEBT (Continued)

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The debt service requirements for future fiscal years are as follows:

<u>Years Ending June 30,</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2022	\$ 230,000	\$ 106,100
2023	235,000	101,450
2024	240,000	96,700
2025	245,000	91,850
2026	250,000	86,588
2027-2031	1,335,000	338,200
2032-2036	1,550,000	129,475
Total	<u>\$ 4,085,000</u>	<u>\$ 950,363</u>

General Obligation Refunding Bonds, Series 2016

On January 20, 2016, the County issued \$6,365,000 in General Obligation Refunding Bonds, Series 2016, with an average interest rate of 2.08%, to advance refund \$5,990,000 of the County's General Obligation Bonds, Series 2008 with an average interest rate of 4.13%.

These bonds mature in varying amounts from \$65,000 to \$695,000 on January 1 of each year through 2028. Interest is payable semi-annually on January 1 and July 1 at rates ranging from 2.0% to 2.25% and principal payments are due annually on January 1 of each year. Bonds outstanding on June 30, 2021, were \$4,510,000.

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than fifty percent (50%) in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

NOTE 6 - LONG-TERM DEBT (Continued)

The debt service requirements for future fiscal years are as follows:

Years Ending June 30,	Scheduled Principal	Scheduled Interest
2022	\$ 600,000	\$ 93,625
2023	615,000	81,625
2024	625,000	69,325
2025	640,000	56,825
2026	660,000	44,025
2027-2028	1,370,000	46,463
Total	\$ 4,510,000	\$ 391,888

Direct Borrowings and Direct Placements

The County does not have an outstanding balance from direct borrowings and direct placements related to governmental activities. The County has not pledged assets as collateral for any debt.

Aggregate Debt Schedules

The Amounts of required principal and interest payments on long-term obligations at June 30, 2021, were as follows:

Years Ending June 30,	Scheduled Principal	Scheduled Interest
2022	\$ 1,780,000	\$ 349,050
2023	1,835,000	310,950
2024	1,785,000	270,700
2025	1,830,000	228,400
2026	1,875,000	182,713
2027-2031	3,405,000	521,601
2032-2036	2,025,000	154,750
Total	\$ 14,535,000	\$ 2,018,164

NOTE 6 - LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

The following is a summary of the County's long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 16,290,000	\$ -	\$ 1,755,000	\$ 14,535,000	\$ 1,780,000
Unamortized Premium	224,478	-	32,480	191,998	32,480
Unamortized Discount	(56,739)	-	(10,200)	(46,539)	(10,200)
Compensated Absences	318,615	37,518	-	356,133	47,876
Governmental Activities Long-Term Liabilities	16,776,354	37,518	1,777,280	15,036,592	1,850,156
Business-Type Activities					
Compensated Absences	15,639	3,895	-	19,534	1,065
Long-Term Liabilities	\$ 16,791,993	\$ 41,413	\$ 1,777,280	\$ 15,056,126	\$ 1,851,221

NOTE 7 - INTEREST ON LONG-TERM DEBT

Debt service on the statement of activities includes \$378,951 in interest on bonds.

NOTE 8 - PENSION PLAN

General Information about the Pension Plan

Plan description: County Employees Retirement System (CERS) consists of two plans, Non-hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement Systems (KRS) (Kentucky Public Pension Authority effective April 2021) under the provision of Kentucky Revised Statute 61.645. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate in CERS.

Benefits provided: These systems provide for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

NOTE 8 - PENSION PLAN (Continued)

Non-hazardous Plan

Tier 1: Retirement Eligibility for Members Whose Participation Began Before 09/01/2008

Age	Years of Service	Allowance Reduction
65	1 month	None
Any	27	None
55	5	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.
Any	25	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.

Tier 2: Retirement Eligibility for Members Whose Participation Began On or After 09/01/2008 but Before 01/01/2014

Age	Years of Service	Allowance Reduction
65	5	None
57	Rule of 87	None
60	10	6.5% per year for first five years, and 4.5% for next five years before age 65 or Rule of 87 (age plus years of service).

Tier 3: Retirement Eligibility for Members Whose Participation Began On or After 01/01/2014

Age	Years of Service	Allowance Reduction
65	5	None
57	Rule of 87	None

Benefit Formula for Tiers 1 & 2

Final Compensation	X	Benefit Factor	X	Years of Service
Average of the five highest years of compensation if participation began before 09/01/2008.		2.20% if: Member begins participating prior to 08/01/2004.		Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
		2.00% if: Member begins participating on or after 08/01/2004 and before 09/01/2008.		
Average of the last five years of compensation if participation began on or after 09/01/2008 but before 01/01/2014.		Increasing percent based on service at retirement* plus 2.00% for each year of service over 30 if: Member begins participating on or after 08/01/2004 but before 01/01/2014.		

* **Service (and Benefit Factor): 10 years or less (1.10%); 10 - 20 years (1.30%); 20 - 26 years (1.50%); 26 - 30 years (1.75%)**

NOTE 8 - PENSION PLAN (Continued)

Benefit Formula for Tier 3					
(A-B) = C X 75% = D then B+D = Interest					
A	B	C	D	Interest Rate	Total Interest
5 Year Geometric Average Return	Less Guarantee Rate	Upside Sharing Interest	Upside Sharing Interest X 75% = Upside Gain	Earned (4% + Upside)	Credited to Members' Accounts
5.51%	4.00%	1.51%	1.13%	5.13%	\$ 6,360,000

Hazardous Plan

**Tier 1: Retirement Eligibility for Members Whose Participation
Began Before 09/01/2008**

Age	Years of Service	Allowance Reduction
55	1 month	None
Any	20	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 55 or 20 years of service.

**Tier 2: Retirement Eligibility for Members Whose Participation
Began On or After 09/01/2008 but before 01/01/2014**

Age	Years of Service	Allowance Reduction
60	5	None
Any	25	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 60 or 25 years of service.

**Tier 3: Retirement Eligibility for Members Whose Participation
Began On or After 01/01/2014**

Age	Years of Service	Allowance Reduction
60	5	None
Any	25	None

NOTE 8 - PENSION PLAN (Continued)

Benefit Formula for Tiers 1 & 2			
Final Compensation	X	Benefit Factor	X Years of Service
Average of the three highest years of compensation if participation began before 09/01/2008.		2.50% if: Member begins participating before 09/01/2008.	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
Average of the three highest complete years of compensation if participation began on or after 09/01/2008.		Increasing percent based on service at retirement* if: Member begins participating on or after 09/01/2008 but before 01/01/2014.	

* **Service (and Benefit Factor): 10 years or less (1.30%); 10 - 20 years (1.50%); 20 - 25 years (2.25%); 25 + years (2.50%)**

Benefit Formula for Tier 3				
Accumulate Account Balance / Actuarial Factor = Monthly Life Annuity				
Accumulate Account Balance				
Member Contributions	Employer Contributions	Base Annual Interest	Upside Sharing Interest (FY 2020)	Actuarial Factor
8.00%	7.50%	4.00%	1.15%	Various*

*See www.kyret.gov for most recent actuarial factors.

Non-hazardous and Hazardous Plans

For post-retirement death benefits, if the member is receiving a monthly benefit based on at least four (4) years of creditable service, the retirement system will pay a \$5,000 death benefit payment to the beneficiary named by the member specifically for this benefit.

For disability benefits, members participating before August 1, 2004 may retire on account of disability provided the member has at least 60 months of service credit and is not eligible for an unreduced benefit. Additional service credit may be added for computation of benefits under the benefit formula. Members participating on or after August 1, 2004 but before January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. Benefits are computed as the higher of 20% for non-hazardous and 25% for hazardous of Final Rate of Pay or the amount calculated under the Benefit Formula based upon actual service. Members participating on or after January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. The hypothetical account which includes member contributions, employer contributions and interest credits can be withdrawn from the system as a lump sum or an annuity equal to the larger of 20% for non-hazardous and 25% for hazardous of the member's monthly final rate of pay or the annuitized account into a single life annuity option. Members disabled as a result of a single duty-related injury or act of violence related to their job may be eligible for special benefits.

For pre-retirement death benefits, the beneficiary of a deceased active member will be eligible for a monthly benefit if the member was: (1) eligible for retirement at the time of death or, (2) under the age of 55 with at least 60 months of service credit and currently working for a participating agency at the time of death or (3) no longer working for a participating agency but at the time of death had at least 144 months of service credit. If the beneficiary of a deceased active member is not eligible for a monthly benefit, the beneficiary will receive a lump sum payment of the member's contributions and any accumulated interest.

NOTE 8 - PENSION PLAN (Continued)

The Kentucky General Assembly has the authority to increase, suspend, or reduce Cost of Living Adjustments (COLAs). Senate Bill 2 of 2013 eliminated all future COLAs unless the State Legislature so authorizes on a biennial basis and either (1) the system is over 100.00% funded or (2) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.

House Bill 271 passed during the 2020 legislative session which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to an in line of duty or duty-related injury upon remarriage of the surviving spouse. It also increased benefits for a very small number of surviving spouses and dependent children who did not initially elect the in line of duty or duty-related benefit. There were no other material benefit provision changes since the prior valuation.

Contributions: The employee contribution rate is set by state statute. Non-hazardous employees contributed 5.00% and hazardous employees contributed 8.00% of their annual creditable compensation. These members were classified in the Tier 1 structure of benefits.

Plan members who began participating on, or after September 1, 2008, were required to contribute a total 6.00% for non-hazardous or 9.00% for hazardous of their annual creditable compensation. The 1.00% was deposited to an account created for the payment of health insurance benefits under 26 USC section 401(h) in the Pension Fund. These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1.00% contribution to the 401(h) account is non-refundable and is forfeited.

Plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. These members were classified in the Tier 3 structure of benefits. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5.00% non-hazardous or 8.00% hazardous of their annual creditable compensation and 1.00% 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 4.00% non-hazardous employer pay credit. The employer pay credit represents a portion of the employer contribution.

The employer contributions rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. SB 249 (passed during the 2020 legislative session) froze the contribution rates for one year so that the rates for fiscal year ended June 30, 2021 were equal to the rates for fiscal year ended June 30, 2020. For the fiscal year ended June 30, 2021, participating employers contributed 24.06% (19.30% pension fund and 4.76% insurance fund) for the non-hazardous system and 39.58% (30.06% pension fund and 9.52% insurance fund) for the hazardous system of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal years was a percentage of each employee's creditable compensation. Contributions to the pension fund from the County were \$2,379,450 for the year ended June 30, 2021.

NOTE 8 - PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported a liability of \$40,205,920 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2021, the County's proportion for the non-hazardous system was 0.374199% and for the hazardous system was 0.381594%. This was an increase of 0.039138% and 0.015393%, respectively.

For the year ended June 30, 2021, the County recognized pension expense of \$7,333,858. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 977,385	\$ -
Difference Between Expected and Actual Experience	1,072,524	-
Changes of Assumptions	1,557,057	-
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	2,305,160	52,631
Contributions After Measurement Date	2,379,450	-
Total	<u>\$ 8,291,576</u>	<u>\$ 52,631</u>

\$2,379,450 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	
2022	\$ 2,672,795
2023	2,009,400
2024	726,605
2025	450,695
Total	<u>\$ 5,859,495</u>

NOTE 8 - PENSION PLAN (Continued)

Actuarial assumptions: The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent of Pay Amortization Method
Remaining Amortization Period	30 Years, Closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increase	3.30% to 10.30%, Varies by Service for Non-hazardous; 3.55% to 19.05%, Varies by Service for Hazardous
Investment Rate of Return	6.25% Net of Pension Plan Investment Expense, Including Inflation

The Board of Trustees for the Kentucky Retirement Systems adopted new actuarial assumptions since June 30, 2018. The total pension liability as of June 30, 2020 was determined using these updated assumptions.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization basis. This change does not impact the calculation of the total pension liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

The mortality table used for active members was a PUB-2010 General Mortality Table with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was the PUB - 2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected return on plan assets was determined by using a building-block method in which best-estimate ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

NOTE 8 - PENSION PLAN (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Nominal Return
Growth:		
US Equity	18.75 %	4.50 %
Non-US Equity	18.75	5.25
Private Equity	10.00	6.65
Specialty Credit/High Yield	15.00	3.90
Liquidity:		
Core Bonds	13.50	(0.25)
Cash	1.00	(0.75)
Diversifying Strategies:		
Real Estate	5.00	5.30
Opportunistic	3.00	2.25
Real Return	15.00	3.95
Total	100.00 %	

Discount rate: The discount rate used to measure the total pension liability was 6.25%. The single discount rate was based on the expected rate of return on pension plan investments for the system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all future benefit payment of the current plan member. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the system.

The projection of cash flows used to determine the single discount rate includes an assumption regarding actual employer contributions made each future year. Except where noted, the future contributions are projected assuming that each participating employer in the system contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 Legislative Session. This includes the phase-in provisions from House Bill 362 (passed in 2020) which kept CERS contributions level for fiscal year ending 2021.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate: The following presents the County's proportionate share of the net pension liability using the discount rate of 6.25%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Non-hazardous	\$ 35,394,274	\$ 28,700,753	\$ 23,158,264
Hazardous	14,218,749	11,505,167	9,290,168
Total	\$ 49,613,023	\$ 40,205,920	\$ 32,448,432

NOTE 8 - PENSION PLAN (Continued)

Changes of assumptions: There were no changes in actuarial assumptions for the June 30, 2020 valuation date.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report on the KRS website at www.kyret.ky.gov.

NOTE 9 - OPEB PLAN

General Information About the OPEB Plan

Plan description: County Employees Retirement System consists of two plans, Non-hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Kentucky Retirement Systems (KRS) (Kentucky Public Pension Authority effective April 2021) under the provision of Kentucky Revised Statute 61.645. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate in CERS.

Benefits provided: The KRS' Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after July 1, 2003, earn \$10 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 \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5% based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of KRS 61.692. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Portion Paid by Insurance Fund	
Years of Service	Paid by Insurance Fund (%)
20 + Years	100.00%
15 - 19 Years	75.00%
10 - 14 Years	50.00%
4 - 9 Years	25.00%
Less Than 4 Years	0.00%

NOTE 9 - OPEB PLAN (Continued)

Contributions: The employee contribution rate is set by state statute. Non-hazardous employees contributed 5.00% and hazardous employees contributed 8.00% of their annual creditable compensation. These members were classified in the Tier 1 structure of benefits.

Plan members who began participating on, or after September 1, 2008, were required to contribute a total 6.00% for non-hazardous or 9.00% for hazardous of their annual creditable compensation. The 1.00% was deposited to an account created for the payment of health insurance benefits under 26 USC section 401(h) in the Pension Fund. These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1.00% contribution to the 401(h) account is non-refundable and is forfeited.

Plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. These members were classified in the Tier 3 structure of benefits. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5.00% non-hazardous or 8.00% hazardous of their annual creditable compensation and 1.00% 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 4.00% non-hazardous employer pay credit. The employer pay credit represents a portion of the employer contribution.

The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. SB 249 (passed during the 2020 legislative session) froze the contribution rates for one year so that the rates for fiscal year ended June 30, 2021 were equal to the rates for fiscal year ended June 30, 2020. For the fiscal year ended June 30, 2021, participating employers contributed 24.06% (19.30% pension fund and 4.76% insurance fund) for the non-hazardous system and 39.58% (30.06% pension fund and 9.52% insurance fund) for the hazardous system of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal years was a percentage of each employee's creditable compensation. Contributions to the insurance fund from the County were \$634,673 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the County reported a liability of \$12,558,710 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. The County's proportion of the net OPEB liability was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At June 30, 2021, the County's proportion for the non-hazardous system was 0.374105% and for the hazardous system was 0.381473%. This was an increase of 0.039131% and 0.015344%, respectively.

NOTE 9 - OPEB PLAN (Continued)

For the year ended June 30, 2021, the County recognized OPEB expense of \$1,765,217. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 770,801	\$ -
Difference Between Expected and Actual Experience	1,630,279	1,862,518
Changes of Assumptions	1,832,326	12,803
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	717,504	90,347
Contributions After Measurement Date	634,673	-
	<u>5,585,583</u>	<u>1,965,668</u>
Total	\$ <u>5,585,583</u>	\$ <u>1,965,668</u>

\$634,673 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	
2022	\$ 783,905
2023	789,455
2024	693,319
2025	668,412
2026	50,151
	<u>2,985,242</u>
Total	\$ <u>2,985,242</u>

NOTE 9 - OPEB PLAN (Continued)

Actuarial assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent of Pay Amortization Method
Amortization Period	30 Years, Closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, Varies by Service for Non-hazardous; 3.55% to 19.05%, Varies by Service for Hazardous
Investment Rate of Return	6.25%
Healthcare Cost Trend Rates (Pre-65)	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Healthcare Cost Trend Rates (Post-65)	Initial trend starting at 2.90% at January 1, 2022 and gradually increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality Table, for the non-hazardous systems, and the PUB-2020 Public Safety Mortality table for the hazardous systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the total OPEB liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan changes.

The long-term expected return on plan assets was determined by using a building-block method in which best-estimate ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

NOTE 9 - OPEB PLAN (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Nominal Return
Growth:		
US Equity	18.75 %	4.50 %
Non-US Equity	18.75	5.25
Private Equity	10.00	6.65
Specialty Credit/High Yield	15.00	3.90
Liquidity:		
Core Bonds	13.50	(0.25)
Cash	1.00	(0.75)
Diversifying Strategies:		
Real Estate	5.00	5.30
Opportunistic	3.00	2.25
Real Return	15.00	3.95
Total	100.00 %	

Discount rate: The discount rate used to measure the total OPEB liability was 5.34% for nonhazardous and 5.30% for hazardous. The single discount rates are based on the expected rate of return on the OPEB plan investments of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. Based on the state assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Except where noted below, the future contributions are projected assuming that each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 Legislative Session. This includes the phase-in provisions from House Bill 362 (passed in 2018) that applies to the CERS Funds as well as the provisions from Senate Bill 249 (passed in 2020) which kept CERS contributions level from fiscal year ending 2021.

NOTE 9 - OPEB PLAN (Continued)

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate: The following present's the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34% for non-hazardous and 4.30% for hazardous) or 1-percentage-point higher (6.34% for non-hazardous and 6.30% for hazardous) than the current rate:

		1% Decrease	Current Discount Rate	1% Increase
Non-hazardous	\$	11,605,393	\$ 9,033,497	\$ 6,921,115
Hazardous		4,785,385	3,525,213	2,509,770
Total	\$	<u>16,390,778</u>	<u>12,558,710</u>	<u>9,430,885</u>

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following present's the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Non-hazardous	\$	6,994,185	\$ 9,033,497	\$ 11,508,252
Hazardous		2,519,221	3,525,213	4,761,994
Total	\$	<u>9,513,406</u>	<u>12,558,710</u>	<u>16,270,246</u>

Changes of assumptions: There were no changes in actuarial assumptions for the June 30, 2020 valuation date.

Pension plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report on the KRS website at www.kyret.ky.gov.

NOTE 10 - DEFERRED COMPENSATION

The Campbell 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 501 High Street, 2nd floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

NOTE 11 - OPERATING LEASES

Copiers

The County entered into various lease agreements for copiers and postage machines to be used by various departments. The total expense related to these leases was \$12,860 for the year ended June 30, 2021. The future minimum lease payments for these leases are as follows:

Years Ending June 30,	Governmental Activities
2022	\$ 12,860
2023	12,560
2024	4,499
2025	1,309
Total	\$ 31,228

Golf Carts

The County entered into a lease for golf carts effective March 2014 for a total rental of \$227,418. Payments were due on the first of the month for April through October each year of the lease term. No payments were required November through March. The first payment on the lease was made in October 2014. The County entered into a new lease agreement for golf carts effective March 2017 for a total rental of \$236,160, which replaced the old lease immediately. Payments are due on the first of the month for April through October each year of the lease term. No payments are required November through March. The first payment on the lease was made in September 2017. The total expense related to this lease is \$55,776 for the year ended June 30, 2021. The future minimum lease payments for this lease is as follows:

Year Ending June 30,	Business Type Activities
2022	\$ 31,872

NOTE 12 - INSURANCE

For the fiscal year ended June 30, 2021, the Campbell 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.

NOTE 13 - INTERFUND TRANSFERS

The following is a list of inter-fund transactions as of June 30, 2021:

	Total	General Fund	Road Fund	Jail Fund	TANK Payroll Tax Fund
	\$ -	\$ (5,000,000) ¹	\$ -	\$ 5,000,000 ¹	\$ -
	-	-	3,000,000 ¹	-	(3,000,000) ¹
	-	2,000,000 ¹	-	-	(2,000,000) ¹
Total Transfer To To Other Funds	\$ <u>(10,000,000)</u>	\$ <u>(5,000,000)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(5,000,000)</u>
Total Transfer From Other Funds	\$ <u>10,000,000</u>	\$ <u>2,000,000</u>	\$ <u>3,000,000</u>	\$ <u>5,000,000</u>	\$ <u>-</u>

¹ Purpose of all transfers is to move funds from either the general fund or the payroll tax fund to cover operating expenditures primarily for the jail and road funds. Some funds were transferred from the payroll tax fund to the general fund to cover general government expenditures.

NOTE 14 - JOINT VENTURES

A legal entity or other organization that results from contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the following is considered a joint venture of the County: Campbell County Consolidated Dispatch Board. This joint venture is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on the fiscal court in the future.

NOTE 15 - CONCENTRATION OF BUSINESS RISK

Housing Choice Voucher Program

The operations of the Housing Choice Voucher Program (the Program) are concentrated in the low-income rental market. In addition, the Program operates in a heavily regulated environment. The operation of the Program is subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with very little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. The majority of revenue is received from annual contributions from HUD. For the year ended June 30, 2021, contributions from HUD made up 99.7% of the total revenues received.

NOTE 16 - ESTIMATED INFRASTRUCTURE HISTORICAL COST

Historical cost of infrastructure placed in service prior to the fiscal year ended June 30, 2003 (the year of GASB 34 implementation) is an estimate. For those assets, the primary government estimated the year the infrastructure was built by determining when a major reconstruction was performed on infrastructure. This estimate was used to calculate the infrastructure historical cost by determining current year construction cost and deflating it back to the estimated year of construction or reconstruction. Estimated infrastructure historical cost includes infrastructure placed in service from fiscal year 1984 through June 30, 2002. All infrastructure assets placed in service during the year ended June 30, 2003 and thereafter are recorded at actual historical cost.

NOTE 17 - TAX ABATEMENTS

Pursuant to GASB Statement No. 77, Tax Abatement Disclosures, the Campbell County Fiscal Court is required to disclose certain information about tax abatements as defined in the statement. GASB No. 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the County or its citizens. As of June 30, 2021, the Campbell County Fiscal Court provides tax abatements through several programs –Tax Increment Financing (“TIF”), Kentucky Business Investment Program (“KBI”), Jobs Development Program (“JDP”), and Property Assessment/Reassessment Moratorium (“PARM”).

- TIF enables the Campbell County Fiscal Court to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. TIF also allows for the abatement of up to 100% of incremental property taxes and occupational license taxes or fees for periods of up to 20 or 30 years depending on the type of development area. A TIF may be granted but may not be activated until sometime later in its grant period. Some agreements require the Campbell County Fiscal Court to make infrastructure change and/or make a best effort to facilitate the project’s progress. There are currently 6 TIFs active. Payments are made by appropriation rather than a tax liability reduction. Authority for the program is contained in KRS 65.7041 et seq. and KRS 154.30.
- KBI provides a wage incentive of up to 1% of the gross wages of each employee for qualified businesses in Campbell County. An eligible company must be engaged in one of the following activities: manufacturing, agribusiness, regional or national headquarters operations, or certain nonretail service or technology activities. The minimum requirements for an eligible project are create a minimum of 10 new, full-time jobs for Kentucky residents, incur at least \$100,000 in eligible costs, and meet a minimum level of wages and benefits. The tax incentives involved with the program are available for up to 10 years. The authority for this program is established in KRS 154.32.
- JDP provides up to a 40% reduction in employee withholding fees payable to the county by the approved company for a term not to exceed ten years. This program facilitates the creation of new jobs, new sources of revenue for the support of public services, and improvement in the quality of life for county citizens through the creation of sustainable jobs with higher salaries. Inducements for eligible companies encourage the location or expansion of manufacturing facilities, agribusiness operations, and nonretail professional, scientific, or technical service facilities. The minimum requirements for an eligible project are: create a minimum new fiscal year payroll of \$250,000 that is subject to the county employee withholding fee within the first year after approval of an application by the county for the inducement. The authority for this program is established in Ordinance O-08-11 passed on June 1, 2011.

NOTE 17 - TAX ABATEMENTS (Continued)

- Property Assessment/Reassessment Moratorium program allows the waiver of the local incremental tax value of real property tax for added improvements from the assessment of a structure for five years.

The Campbell County Fiscal Court has reported abatements amounts for all known program participants during the year. A summary of the taxes forgone on the County's abatement programs for the year ended June 30, 2021 are as follows:

Program	Taxes Abated	Amount Abated
Tax Increment Financing	Payroll Taxes and Occupational Taxes	\$ 52,066
Kentucky Business Investment Program and Jobs Development Program	Payroll Taxes on New Jobs	86,441
	Total	<u>\$ 138,507</u>

NOTE 18 - CONTINGENT LIABILITIES

The County is, from time to time, a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Prior to year-end, the World Health Organization announced a global health emergency, later classified as a global pandemic as a result of the COVID-19 outbreak. The outbreak and response have impacted financial and economic markets across the world and within the United States of America. The full impact continues to evolve and as such, it is uncertain as to the full magnitude that the pandemic will have on the County's financial condition, liquidity, and future results of operations. Management is actively monitoring the possible effects on every aspect of the County.

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus on the criteria generally is on (1) whether the government is controlling the asset of the fiduciary activity and (2) the beneficiaries with who a fiduciary relationship exists. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE (Continued)

As part of implementing this statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria with the guidance. As a result, net position was restated as follows:

	Fiduciary Funds
Net Position, June 30, 2020	\$ -
Cash related to funds held on behalf of employees flexible spending accounts was reclassified out of the agency fund into a new custodial fund.	11,990
Cash related to funds held on behalf of incarcerated inmates was reclassified out of the agency fund into a new custodial fund.	32,153
Restated Net Position, June 30, 2020	\$ 44,143

NOTE 20 - SUBSEQUENT EVENTS

The County has evaluated subsequent events through January 25, 2023 which is the date the financial statements were available to be issued.

American Rescue Plan Act (ARPA)

In the Spring of 2021, the County was awarded approximately \$18 million in ARPA funding. The funds were received by the County in two equal tranches of \$9 million in May 2021 and June 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 16,159,700	\$ 16,159,700	\$ 17,379,413	\$ 1,219,713
In Lieu Tax Payments	-	-	58,964	58,964
Excess Fees	950,000	950,000	1,063,531	113,531
Licenses and Permits	365,000	365,000	610,583	245,583
Intergovernmental	1,154,056	1,154,056	3,414,095	2,260,039
Charges for Services	250,600	250,600	343,469	92,869
Miscellaneous	1,465,200	1,465,200	1,009,404	(455,796)
Interest	45,000	45,000	1,914	(43,086)
Total Revenues	<u>20,389,556</u>	<u>20,389,556</u>	<u>23,881,373</u>	<u>3,491,817</u>
Expenditures				
General Government	4,738,981	4,858,801	4,336,462	522,339
Protection to Persons and Property	3,950,079	3,996,473	3,529,755	466,718
General Health and Sanitation	654,615	748,147	641,638	106,509
Social Services	48,521	53,992	50,872	3,120
Recreation and Culture	530,243	531,893	435,409	96,484
Capital Projects	1,138,749	1,157,249	329,637	827,612
Administration	4,960,971	4,675,604	3,430,565	1,245,039
Debt Service	808,064	808,064	808,043	21
Total Expenditures	<u>16,830,223</u>	<u>16,830,223</u>	<u>13,562,381</u>	<u>3,267,842</u>
Excess of Revenues Over Expenditures	<u>3,559,333</u>	<u>3,559,333</u>	<u>10,318,992</u>	<u>6,759,659</u>
Other Financing Sources (Uses)				
Operating Transfers In	1,000,000	1,000,000	2,000,000	1,000,000
Operating Transfers Out	<u>(8,296,039)</u>	<u>(8,296,039)</u>	<u>(5,000,000)</u>	<u>3,296,039</u>
Total Other Financing Sources (Uses)	<u>(7,296,039)</u>	<u>(7,296,039)</u>	<u>(3,000,000)</u>	<u>4,296,039</u>
Net Change in Fund Balances	<u>(3,736,706)</u>	<u>(3,736,706)</u>	<u>7,318,992</u>	<u>11,055,698</u>
Fund Balance July 1, 2020	<u>3,736,706</u>	<u>3,736,706</u>	<u>11,982,044</u>	<u>8,245,338</u>
Fund Balance June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,301,036</u>	<u>\$ 19,301,036</u>

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - ROAD FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Licenses and Permits	\$ -	\$ -	\$ 1,400	\$ 1,400
Intergovernmental	1,385,988	1,385,988	1,217,377	(168,611)
Miscellaneous	8,715	8,715	69,974	61,259
Total Revenues	1,394,703	1,394,703	1,288,751	(105,952)
Expenditures				
Roads	2,315,735	2,271,390	1,770,918	500,472
Capital Projects	2,755,033	2,799,033	2,283,199	515,834
Administration	659,500	659,845	633,753	26,092
Debt Service	77,251	77,251	77,223	28
Total Expenditures	5,807,519	5,807,519	4,765,093	1,042,426
Deficit of Revenues Over Expenditures	(4,412,816)	(4,412,816)	(3,476,342)	936,474
Other Financing Sources				
Operating Transfers In	4,412,816	4,412,816	3,000,000	(1,412,816)
Net Change in Fund Balances	-	-	(476,342)	(476,342)
Fund Balance July 1, 2020	-	-	663,197	663,197
Fund Balance June 30, 2021	\$ -	\$ -	\$ 186,855	\$ 186,855

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - JAIL FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 4,666,000	\$ 4,666,000	\$ 5,697,500	\$ 1,031,500
Charges for Services	273,500	273,500	421,485	147,985
Miscellaneous	640,025	640,025	490,902	(149,123)
Total Revenues	5,579,525	5,579,525	6,609,887	1,030,362
Expenditures				
Protection to Persons and Property	9,074,767	8,974,405	7,144,622	1,829,783
General Health and Sanitation	38,626	39,399	39,368	31
Social Services	262,602	263,882	137,954	125,928
Administration	3,024,960	3,123,269	2,448,945	674,324
Debt Service	1,248,685	1,248,685	1,248,685	-
Total Expenditures	13,649,640	13,649,640	11,019,574	2,630,066
Deficit of Revenues Over Expenditures	(8,070,115)	(8,070,115)	(4,409,687)	3,660,428
Other Financing Sources				
Operating Transfers In	8,070,115	8,070,115	5,000,000	(3,070,115)
Net Change in Fund Balances	-	-	590,313	590,313
Fund Balance July 1, 2020	-	-	183,400	183,400
Fund Balance June 30, 2021	\$ -	\$ -	\$ 773,713	\$ 773,713

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FEDERAL GRANTS FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 979,900	\$ 979,900	\$ 9,474,159	\$ 8,494,259
Expenditures				
Social Services	979,900	979,900	385,361	594,539
Net Change in Fund Balances	-	-	9,088,798	9,088,798
Fund Balance July 1, 2020	-	-	-	-
Fund Balance June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,088,798</u>	<u>\$ 9,088,798</u>

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - HOUSING CHOICE VOUCHER PROGRAM
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget (Unfavorable) Favorable
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 4,308,095	\$ 4,308,095	\$ 4,232,494	\$ (75,601)
Charges for Services	433,565	433,565	472,639	39,074
Miscellaneous	8,478	8,478	14,132	5,654
Interest	300	300	76	(224)
Total Revenues	<u>4,750,438</u>	<u>4,750,438</u>	<u>4,719,341</u>	<u>(31,097)</u>
Expenditures				
Social Services	4,619,840	4,652,156	4,557,473	94,683
Administration	<u>130,598</u>	<u>98,282</u>	<u>96,580</u>	<u>1,702</u>
Total Expenditures	<u>4,750,438</u>	<u>4,750,438</u>	<u>4,654,053</u>	<u>96,385</u>
Net Change in Fund Balances	-	-	65,288	65,288
Fund Balance July 1, 2020	<u>-</u>	<u>-</u>	<u>407,790</u>	<u>407,790</u>
Fund Balance June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,078</u>	<u>\$ 473,078</u>

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TANK PAYROLL TAX FUND
CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 8,728,000	\$ 8,728,000	\$ 9,807,221	\$ 1,079,221
Intergovernmental	269,000	269,000	316,702	47,702
Interest	-	-	9	9
Total Revenues	8,997,000	8,997,000	10,123,932	1,126,932
Expenditures				
General Government	190,000	265,000	230,115	34,885
Bus Services	4,522,841	4,521,841	4,425,752	96,089
Administration	85,000	11,000	10,768	232
Total Expenditures	4,797,841	4,797,841	4,666,635	131,206
Excess of Revenues Over Expenditures	4,199,159	4,199,159	5,457,297	1,258,138
Other Financing Sources				
Operating Transfers Out	(5,412,816)	(5,412,816)	(5,000,000)	412,816
Net Change in Fund Balances	(1,213,657)	(1,213,657)	457,297	1,670,954
Fund Balance July 1, 2020	1,213,657	1,213,657	8,906,614	7,692,957
Fund Balance June 30, 2021	\$ -	\$ -	\$ 9,363,911	\$ 9,363,911

CAMPBELL COUNTY FISCAL COURT
NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2021

The County budget is adopted on a cash basis of accounting according to the laws of Kentucky. The Fund statements are presented on a modified accrual basis of accounting, as required by generally accepted accounting principles. The following schedule reconciles the actual results of the two statements:

	General Fund	Road and Bridge Fund	Jail Fund	Federal Grants Fund	Housing Choice Voucher Program	TANK Payroll Tax Fund
Revenues						
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 23,881,373	\$ 1,288,751	\$ 6,609,887	\$ 9,474,159	\$ 4,719,341	\$ 10,123,932
Accounts Receivable June 30, 2020	(1,263,338)	(354,541)	(427,021)	-	(5,061)	(2,849,150)
Accounts Receivable June 30, 2021	1,369,968	324,831	272,848	-	5,707	2,729,887
Unearned Revenues - June 30, 2020	-	-	-	-	82,166	-
Unearned Revenues - June 30, 2021	-	-	-	(9,088,798)	-	-
Unavailable Revenue - Other June 30, 2020	-	-	-	-	5,061	-
Unavailable Revenue - Other June 30, 2021	-	-	-	-	(5,707)	-
Reclass of Home Incarceration Program Costs	-	-	20,221	-	-	-
Rounding Adjustment	8	1	1	(1)	-	-
Schedule of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 23,988,011	\$ 1,259,042	\$ 6,475,936	\$ 385,360	\$ 4,801,507	\$ 10,004,669
Expenses						
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 13,562,381	\$ 4,765,093	\$ 11,019,574	\$ 385,361	\$ 4,654,053	\$ 4,666,635
Accounts Payable June 30, 2020	(128,545)	(10,867)	(134,676)	-	-	-
Accounts Payable June 30, 2021	109,247	31,195	89,143	-	-	294
Accrued Payroll June 30, 2020	(190,492)	(35,406)	(181,505)	-	(8,299)	-
Accrued Payroll June 30, 2021	247,360	41,787	154,368	-	10,513	-
Reclass of Home Incarceration Program Costs	-	-	20,221	-	-	-
Rounding Adjustment	(41)	2	2	(1)	(1)	1
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	\$ 13,599,910	\$ 4,791,804	\$ 10,967,127	\$ 385,360	\$ 4,656,266	\$ 4,666,930
Other Financing (Uses) Sources						
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ (3,000,000)	\$ 3,000,000	\$ 5,000,000	\$ -	\$ -	\$ (5,000,000)
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	\$ (3,000,000)	\$ 3,000,000	\$ 5,000,000	\$ -	\$ -	\$ (5,000,000)
Ending Balance						
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 19,301,036	\$ 186,855	\$ 773,713	\$ 9,088,798	\$ 473,078	\$ 9,363,911
Accounts Receivable	1,369,968	324,831	272,848	-	5,707	2,729,887
Accounts Payable	(109,247)	(31,195)	(89,143)	-	-	(294)
Accrued Payroll	(247,360)	(41,787)	(154,368)	-	(10,513)	-
Unearned Revenues	-	-	-	(9,088,798)	-	-
Unavailable Revenue - Other	-	-	-	-	(5,707)	-
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	\$ 20,314,397	\$ 438,704	\$ 803,050	\$ -	\$ 462,565	\$ 12,093,504

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

County Employees Retirement System
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Net Pension Liability - Non-Hazardous	0.374199%	0.335061%	0.325408%	0.331522%	0.324548%	0.302733%	0.298371%
County's Proportion of the Net Pension Liability - Hazardous	0.381594%	0.366201%	0.362796%	0.368516%	0.353492%	0.318705%	0.340586%
County's Proportionate Share of the Net Pension Liability							
Non-Hazardous	\$ 28,700,753	\$ 23,564,989	\$ 19,818,339	\$ 19,405,002	\$ 15,979,482	\$ 13,016,075	\$ 9,680,000
Hazardous	<u>11,505,167</u>	<u>10,115,554</u>	<u>8,774,065</u>	<u>8,244,729</u>	<u>6,065,713</u>	<u>4,892,457</u>	<u>4,093,000</u>
Total County's Proportionate Share of the Net Pension Liability	<u>\$ 40,205,920</u>	<u>\$ 33,680,543</u>	<u>\$ 28,592,404</u>	<u>\$ 27,649,731</u>	<u>\$ 22,045,195</u>	<u>\$ 17,908,532</u>	<u>\$ 13,773,000</u>
County's Covered Payroll	\$ 11,787,626	\$ 10,537,238	\$ 10,086,168	\$ 10,094,699	\$ 9,158,898	\$ 8,750,553	\$ Unavailable
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	341.09%	319.63%	283.48%	273.90%	240.70%	204.66%	Unavailable
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Non-Hazardous	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Hazardous	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%

** Only seven years of information available. Additional years' information will be displayed as it becomes available.*

Note: The County Employees Retirement System measurement date is 12 months prior to the County's financial statements. The 2021 measurement date is June 30, 2020.

**CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF COUNTY'S PENSION CONTRIBUTIONS
JUNE 30, 2021**

**County Employees Retirement System
Last 10 Fiscal Years***

Non-Hazardous	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,696,907	\$ 1,845,475	\$ 1,370,860	\$ 1,167,841	\$ 1,126,010	\$ 922,058	\$ 903,856
Contributions in Relation to the Contractually Required Contribution	<u>(1,696,907)</u>	<u>(1,845,475)</u>	<u>(1,370,860)</u>	<u>(1,167,841)</u>	<u>(1,126,010)</u>	<u>(922,058)</u>	<u>(903,856)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 8,792,263	\$ 9,562,045	\$ 8,451,665	\$ 8,065,200	\$ 8,071,756	\$ 7,423,977	\$ 7,089,067
Contributions as a Percentage of Covered Payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%
Hazardous	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 682,543	\$ 669,010	\$ 518,682	\$ 448,655	\$ 439,181	\$ 351,495	\$ 344,426
Contributions in Relation to the Contractually Required Contribution	<u>(682,543)</u>	<u>(669,010)</u>	<u>(518,682)</u>	<u>(448,655)</u>	<u>(439,181)</u>	<u>(351,495)</u>	<u>(344,426)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 2,270,601	\$ 2,225,581	\$ 2,085,573	\$ 2,020,968	\$ 2,022,943	\$ 1,734,921	\$ 1,661,486
Contributions as a Percentage of Covered Payroll	30.06%	30.06%	24.87%	22.20%	21.71%	20.26%	20.73%

* Only seven years of information available. Additional years' information will be displayed as it becomes available.

Notes:

Valuation Date	Actuarially determined contribution rates for 2021 were calculated based on the June 30, 2018 actuarial valuation.
Actuarial Cost method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	25 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.30%
Salary Increase	3.05% to 18.55%, Varies by Service
Investment Rate of Return	6.25%
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females).

CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2021

County Employees Retirement System
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's Proportion of the Net OPEB Liability - Non-Hazardous	0.374105%	0.334974%	0.325395%	0.331522%
County's Proportion of the Net OPEB Liability - Hazardous	0.381473%	0.366129%	0.362817%	0.368516%
County's Proportionate Share of the Net OPEB Liability				
Non-Hazardous	\$ 9,033,497	\$ 5,634,112	\$ 5,777,324	\$ 6,664,726
Hazardous	<u>3,525,213</u>	<u>2,708,841</u>	<u>2,586,738</u>	<u>3,046,417</u>
Total County's Proportionate Share of the Net OPEB Liability	<u>\$ 12,558,710</u>	<u>\$ 8,342,953</u>	<u>\$ 8,364,062</u>	<u>\$ 9,711,143</u>
County's Covered Payroll	\$ 11,787,626	\$ 10,537,238	\$ 10,086,168	\$ 10,094,699
County's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Payroll	106.54%	79.18%	82.93%	96.20%
Plan Fiduciary Net OPEB as a Percentage of the Total OPEB Liability - Non-Hazardous	51.67%	60.44%	57.62%	52.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability - Hazardous	58.84%	64.44%	64.24%	58.99%

* Only four years of information available. Additonal years' information will be displayed as it becomes available.

Note: The County Employees Retirement System measurement date is 12 months prior to the County's financial statements. The 2021 measurement date is June 30, 2020.

**CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF COUNTY'S OPEB CONTRIBUTIONS
JUNE 30, 2021**

**County Employees Retirement System
Last 10 Fiscal Years***

Non-Hazardous	2021	2020	2019	2018
Contractually Required Contribution	\$ 418,512	\$ 455,153	\$ 444,558	\$ 379,064
Contributions in Relation to the Contractually Required Contribution	<u>(418,512)</u>	<u>(455,153)</u>	<u>(444,558)</u>	<u>(379,064)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
County's Covered Payroll	\$ 8,792,263	\$ 9,562,045	\$ 8,451,665	\$ 8,065,200
Contributions as a Percentage of Covered Payroll	4.76%	4.76%	5.26%	4.70%
Hazardous	2021	2020	2019	2018
Contractually Required Contribution	\$ 216,161	\$ 211,875	\$ 218,359	\$ 188,960
Contributions in Relation to the Contractually Required Contribution	<u>(216,161)</u>	<u>(211,875)</u>	<u>(218,359)</u>	<u>(188,960)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
County's Covered Payroll	\$ 2,270,601	\$ 2,225,581	\$ 2,085,573	\$ 2,020,968
Contributions as a Percentage of Covered Payroll	9.52%	9.52%	10.47%	9.35%

* Only four years of information available. Additonal years' information will be displayed as it becomes available.

Notes:

Valuation Date	Actuarially determined contribution rates for 2021 were calculated based on the June 30, 2018 actuarial valuation.
Actuarial Cost method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	25 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.30%
Salary Increase	3.05% to 18.55%, Varies by Service
Investment Rate of Return	6.25%
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare Rate Trends	
Pre-65	Initial trend starting at 7.00% at January 1, 2020 and gradually and gradually decreasing to an ultimate trend rate of 4.05% over 12 years. The 2019 premiums were known at the time of the valuation and were incorporated in the liability measurement.
Post-65	Initial trend starting at 5.00% at January 1, 2020 and gradually and gradually decreasing to an ultimate trend rate of 4.05% over 10 years. The 2019 premiums were known at the time of the valuation and were incorporated in the liability measurement.
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

SUPPLEMENTARY INFORMATION

CAMPBELL COUNTY FISCAL COURT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Mental Health Fund	Senior Citizens Fund	Developers Escrow Fund	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 576,075	\$ 510,985	\$ -	\$ 1,087,060
Accounts Receivable				
Taxes	278,028	139,014	-	417,042
Intergovernmental	-	8,118	-	8,118
Restricted Cash	-	-	186,459	186,459
Total Assets	\$ <u>854,103</u>	\$ <u>658,117</u>	\$ <u>186,459</u>	\$ <u>1,698,679</u>
Liabilities and Fund Balances Liabilities				
Accounts Payable	\$ 2,680	\$ 3,709	\$ -	\$ 6,389
Accrued Payroll	-	3,493	-	3,493
Total Liabilities	<u>2,680</u>	<u>7,202</u>	<u>-</u>	<u>9,882</u>
Fund Balances				
Restricted				
Roads	-	-	186,459	186,459
Committed				
Social Services	-	650,915	-	650,915
General Health and Sanitation	851,423	-	-	851,423
Total Fund Balances	<u>851,423</u>	<u>650,915</u>	<u>186,459</u>	<u>1,688,797</u>
Total Liabilities and Fund Balances	\$ <u>854,103</u>	\$ <u>658,117</u>	\$ <u>186,459</u>	\$ <u>1,698,679</u>

**CAMPBELL COUNTY FISCAL COURT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2021**

	Mental Health Fund	Senior Citizens Fund	Developers Escrow Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 1,084,376	\$ 542,188	\$ -	\$ 1,626,564
Intergovernmental	-	63,712	-	63,712
Charges for Services	-	170	-	170
Miscellaneous	-	422	-	422
Interest	-	-	15	15
Total Revenues	1,084,376	606,492	15	1,690,883
Expenditures				
General Health and Sanitation	1,039,890	-	-	1,039,890
Social Services	-	390,557	-	390,557
Capital Projects	-	1,627	-	1,627
Administration	-	49,702	-	49,702
Total Expenditures	1,039,890	441,886	-	1,481,776
Net Change in Fund Balances	44,486	164,606	15	209,107
Fund Balances July 1, 2020	806,937	486,309	186,444	1,479,690
Fund Balances June 30, 2021	\$ <u>851,423</u>	\$ <u>650,915</u>	\$ <u>186,459</u>	\$ <u>1,688,797</u>

REQUIRED REGULATORY INFORMATION

**CAMPBELL COUNTY FISCAL COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grants/ Pass-Through Grantor/ Program Title	Federal ALN Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Program</i>				
Section 8 Housing Choice Vouchers	14.871		\$ -	\$ 4,466,401
COVID-19 Section 8 Housing Choice Vouchers	14.HCC		-	189,865
Total Section 8 Housing Choice Voucher Program			-	4,656,266
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Campbell County Home Ownership Development Project	14.228	18-053	-	385,361
Total U.S. Department of Housing and Urban Development			-	5,041,627
<u>U.S. Department of Health and Human Services</u>				
<i>Passed-Through Northern Kentucky Area Development District (NKADD)</i>				
Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Citizens	93.044	Not Available	-	60,903
<u>U.S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Emergency Management</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4361	-	88,410
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4428	-	150,433
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			-	238,843
Emergency Management Performance Grants	97.042	Not Available	-	40,950
Total U.S. Department of Homeland Security			-	279,793
<u>U.S. Department of Justice</u>				
<i>Direct Program:</i>				
Crime Victim Assistance/Discretionary Grants	16.582		-	2,909
Bulletproof Vest Partnership Program	16.607		-	858
Total U.S. Department of Justice			-	3,767
<u>U.S. Department of Transportation</u>				
<i>Passed-Through Kentucky Transportation Cabinet (KYTC)</i>				
Highway Planning and Construction Cluster Highway Planning and Construction	20.205	06-460-3002-334	-	377
Highway Safety Cluster				
State and Community Highway Safety	20.600	PT-20-13	-	14,143
State and Community Highway Safety	20.600	PT-2021-15	-	19,262
Total Highway Safety Cluster			-	33,405
Total U.S. Department of Transportation			-	33,782
<u>U.S. Department of Treasury</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
COVID-19 Coronavirus Relief Fund	21.019	Not Available	-	64,188
COVID-19 Coronavirus Relief Fund	21.019	C317	-	1,608,457
COVID-19 Coronavirus Relief Fund	21.019	C317	-	1,577,722
COVID-19 Coronavirus Relief Fund	21.019	C2-141	-	1,079,190
Total U.S. Department of Treasury			-	4,329,557
Total Expenditures of Federal Awards			\$ -	\$ 9,749,429

**CAMPBELL COUNTY FISCAL COURT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended June 30, 2021. 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 the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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. The County has elected not to use the 10 percent de Minimis indirect cost rate allowed under the Uniform Guidance.

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

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson Secretary

Finance and Administration Cabinet

The Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court:

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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbell County Fiscal Court (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 25, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 statements 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

County's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
January 25, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE****INDEPENDENT AUDITORS' REPORT**

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson Secretary

Finance and Administration Cabinet

The Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court:

Report on Compliance for Each Major Federal Program

We have audited Campbell County Fiscal Court's (the "County") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). 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 County'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 the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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, 2021.

Report on Internal Control Over Compliance

Management of the County 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 County's internal control over compliance with the types of compliance requirements that could have a direct and material effect on a major federal program to determine the 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 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 County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
January 25, 2023

CAMPBELL COUNTY FISCAL COURT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to the financial statements noted?	yes

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Type of auditors’ report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major programs:	
<i>Housing Voucher Cluster:</i>	
<i>Section 8 Housing Choice Vouchers – ALN 14.871</i>	
<i>Coronavirus Relief Fund – ALN 21.019</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	no

CAMPBELL COUNTY FISCAL COURT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021
(continued)

Section II - Financial Statement Findings

Finding 2021-001 – Collateral Security Agreement

Condition: KRS 41.240 requires the depository institution to pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. We noted the Campbell County Jailer did not enter into an agreement with the depository institution to pledge or provide sufficient collateral to protect deposits. As of June 30, 2021, the jailer had bank deposits of \$330,222 and FDIC insurance of \$250,000, leaving \$80,222 unsecured and exposed to the potential risk of loss.

Recommendation: We recommend the Campbell County Jailer enter into an agreement with the depository institution to pledge or provide sufficient collateral to secure the jailer's deposits.

Management's Response: In July 2021, the Campbell County Detention Center signed a repurchase agreement with Heritage bank to sweep the Commissary Account funds over the FDIC limit of \$250,000 in order to ensure that 100% of the funds held were insured.

Section III – Federal Award Findings and Questioned Costs

None



**Campbell County Fiscal Court
Schedule of Prior Audit Findings
Year Ended June 30, 2021**

2020-001 The Campbell County Jailer did not enter into a collateral security agreement with the financial institution to protect deposits.

Status: Repeated as Finding 2021-001



CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2021

<u>Finding Number</u>	<u>Planned Corrective Action</u>	<u>Anticipated Completion</u>	<u>Responsible Contact Person</u>
2020-001	The Campbell County Jailer will enter into an agreement with the depository institution to pledge or provide sufficient collateral to secure the jailer's deposits.	7/1/21	James A. Daley, County Jailer and Cathy Steele, Office Manager – Campbell County Detention Center; Laura Lewis, County Finance Director/Treasurer